



EQUUS
MINING LIMITED

ABN 44 065 212 679

30 October 2017

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(74 pages by email)

Dear Sir/Madam

ANNUAL REPORT AND NOTICE OF AGM

In accordance with Listing Rule 4.7 and 3.17, I attach the Company's Annual Report for the year ended 30 June 2017 and the Company's Notice of Annual General Meeting to be held at 2.30 pm on 30 November 2017.

Yours sincerely

Marcelo Mora
Company Secretary

pjn9123

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2017

Annual Report

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Directors

Mark Lochtenberg	Non-Executive Chairman
Edward Leschke	Managing Director
Juerg Walker	Non-Executive Director
Robert Yeates	Non-Executive Director

Company Secretary

Marcelo Mora

Principal Place of Business and Registered Office

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Share Registry

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Nedlands, Western Australia 6009
Telephone: (61 8) 9389 8033
Facsimile: (61 8) 9389 7871

Auditors

KPMG
Level 16, Riparian Plaza
71 Eagle Street
Brisbane QLD 4000

Stock Exchange Listings

Australian Securities Exchange (Code – EQE)
Berlin and Frankfurt Securities Exchanges
(Third Market Segment)



Chairman's Letter

Dear Fellow Shareholders,

Equus Mining's focus during the year was the acquisition of the rights to 100% of the Los Domos gold-silver project located in Chile's XI Region, adjacent to the Cerro Bayo silver-gold mine, and the commencement of exploration activities with initial, excellent and encouraging results at this project.

In addition to the Los Domos gold-silver project's significant prospectivity, this acquisition is consistent with the Company's focus on developing natural resource projects strategically located near existing mines and other infrastructure.

Initial field activities were primarily focussed on continuous diamond saw channel sampling and detailed geological mapping designed to better define extensions of high grade gold-silver and base metal mineralisation prior to drill testing. To date eight prospect drill targets, exhibiting characteristic epithermal metal zonation, have been defined through vein sampling. Four of these have returned high grade gold and silver mineralisation and base metal values from quartz veins outcropping at surface and are considered to be within or just above the precious metal zone. Another four have returned anomalous gold and silver values and elevated epithermal pathfinder metals typically found above epithermal precious metal zones.

This preliminary surface work was followed up by an inaugural drill campaign which commenced towards the end of the year. The first drill hole at the T7 Structure Prospect intercepted a spectacular base and precious metal intercept of 8.39m grading 0.71 g/t Au, 248 g/t Ag, 20.72% Pb and 7.07% Zn from 45.75m down hole. This result is considered an early "proof of concept" for the vertical zonation model developed during the initial stages of the Los Domos project.

The Republic of Chile ranks as one of the leading destinations globally for mineral explorers and miners due to the country's sound licensing system and high mineral prospectivity. Despite Chile's leading position in the global minerals industry the paucity of previous modern exploration in many areas close to existing mining activities demonstrates what Chile has to offer in terms of attractive mineral exploration and development opportunities.

To that end, Equus continues to assess new and prospective opportunities within Chile, in particular those opportunities where the entry cost are minimal for a quality project. Unlike Australia, Chile's secure licencing system with no minimum exploration expenditure requirements means there is not the same time pressure to spend large amounts of capital.

Equity markets for the junior resources sector remained subdued throughout most of the 2017 fiscal year. However, subsequent to year's end there has been a noticeable renewed level of interest across the broader mining sector which is now beginning to filter down to the junior end of the market. Reasonable world growth coupled with an absence of new metal supply (stemming from a dearth of new mining projects across the globe) has seen a sharp improvement in commodity prices, many of which have now broken long-term down trends. With Los Domos shaping up to be a high quality project, and against a backdrop of improving commodity prices and investor sentiment, I am optimistic about what lies ahead for our growing Company.

Finally, on behalf of the Board of Directors I would like to thank our many shareholders for their continued support as we look forward to what promises to be a highly exciting next 12 months.



Mark H. Lichtenberg
Chairman

Corporate Activities

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

Under the agreement Equus is to fund a programme of systematic surface sampling and 2,000m of drilling. On completion of the drilling program, Terrane Minerals SpA is to transfer its Los Domos project assets into a newly formed Joint Venture Company ('JV') of which Equus will hold a 51% equity interest and Terrane a 49% equity interest. Equus has a two-year option to buy the remaining 49% interest in the JV by issuing Terrane A\$450,000 worth of ordinary shares of Equus at an issue price of 1.2 cents, equivalent to 37.5m shares.

Upon exercising this option Equus will own 100% of the project. The shares will be voluntarily escrowed for a period of 12 months. In addition, Equus has reimbursed historic costs of US\$141k incurred by Terrane.

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

On 17 March 2017, the Company announced a placement of 133,333,333 of new issue shares in two tranches, the first tranche was completed on 27 March 2017 with the issue of 43,487,309 new shares and second tranche was completed on 3 May 2017 with the issue of 89,846,024 new shares. The consideration received for the two tranches was \$1,600,000.

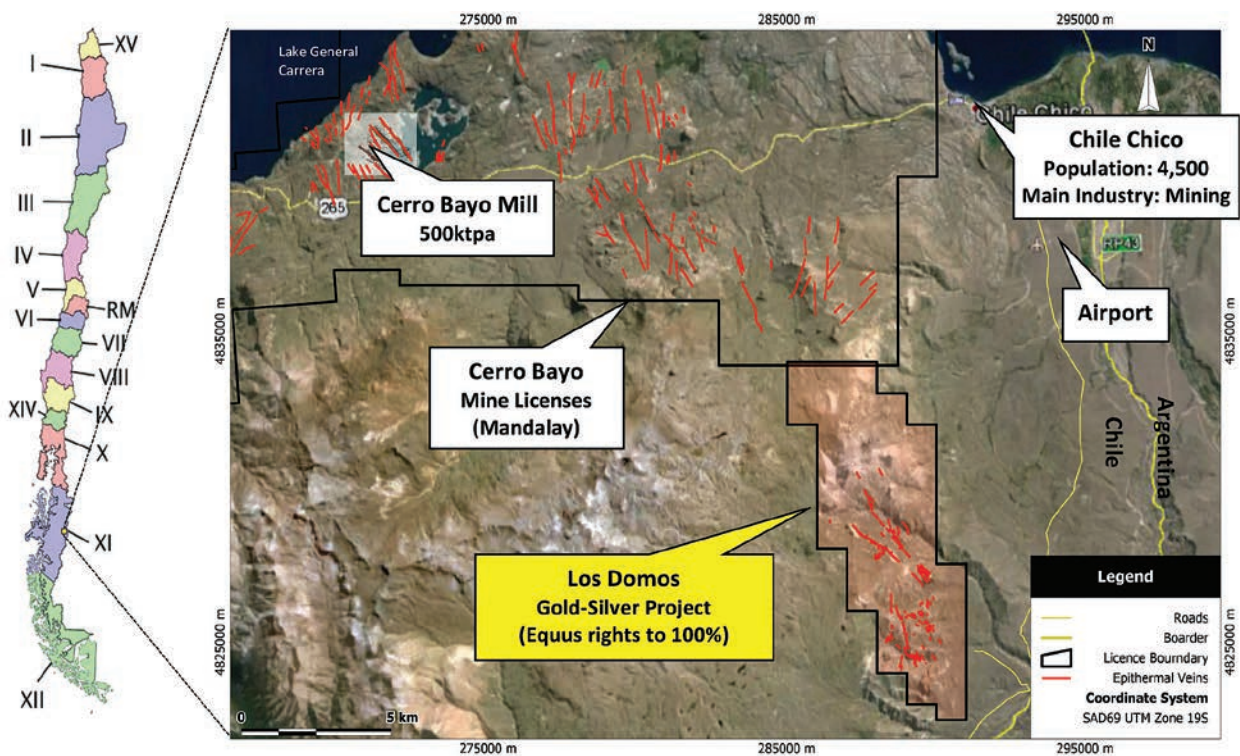


Los Domos Gold-Silver Project

The Los Domos gold-silver project is located 10km south of the township of Chile Chico, Region XI, Chile. The project area's altitude range of 800-1200m and a dry, moderate climate permits near year-round exploration. The project area is located 15km southeast of the Cerro Bayo gold-silver mine and 500ktpa treatment plant which is owned by TSX-listed Mandalay Resources.

Mapping and rock chip sampling to date throughout the Los Domos Project area (See Map 2) has delineated multiple structural corridors hosting chalcedonic - saccaroidal quartz veins and hydrothermal breccias. Apart from reconnaissance style mapping and sampling, these newly discovered structural corridors have never received any modern systematic exploration and hence have never been drill tested.

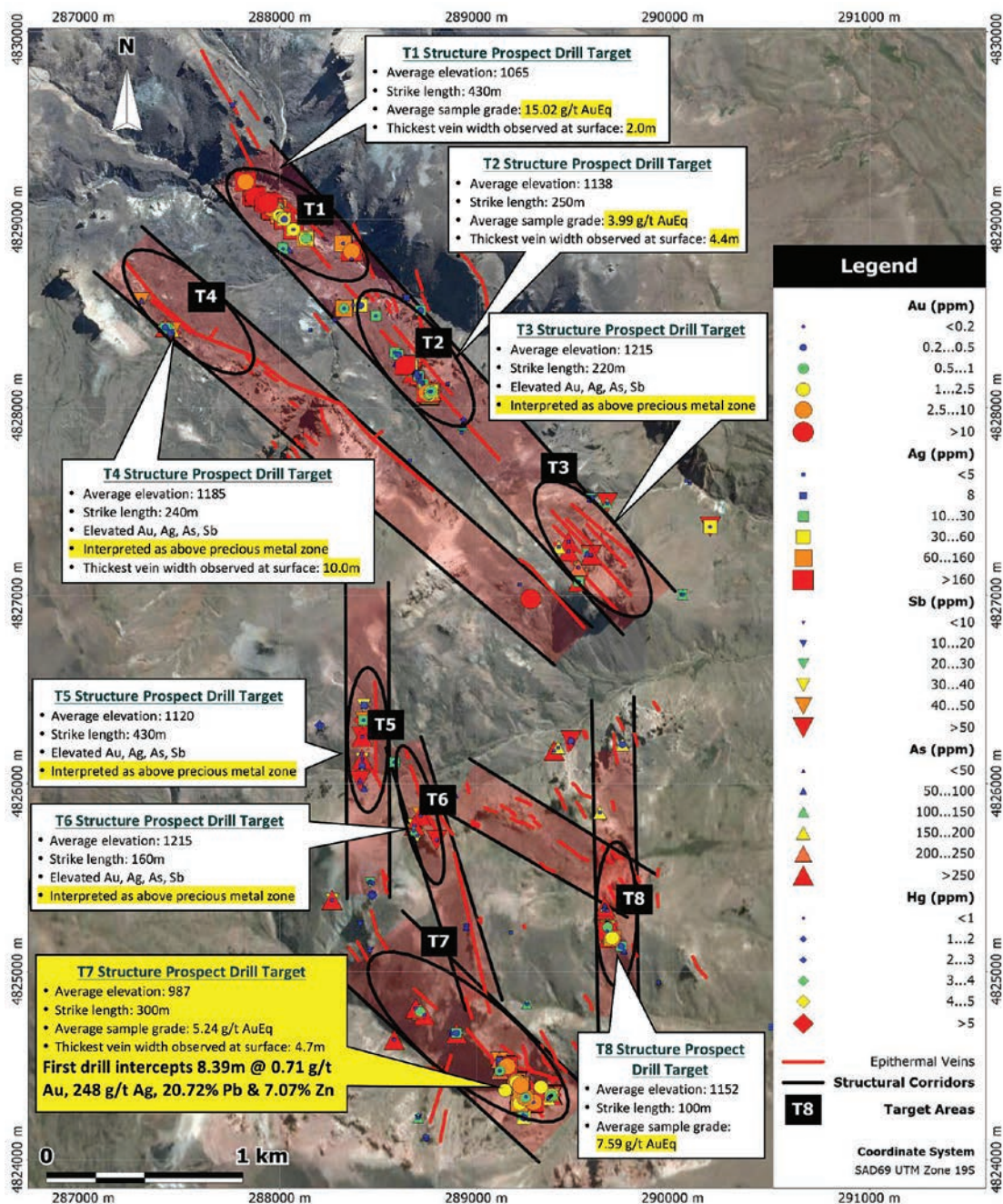
Several surface sampling campaigns to better define and extend known multiphase high grade gold-silver and base metal mineralisation zones were carried out during the year. Rock channel sampling was predominantly being carried out using a diamond saw to give continuous, representative results. The aim of this systematic sampling and mapping of surface mineralised vein and breccia structures and peripheral stockwork zones was to better define potential extensions to mineralised structures at surface and provide vectors to mineralisation at depth for subsequent drill testing.



Map 1. Los Domos Gold-Silver Project Location in Chile's Region XI

Vein mapping and sample results have shown typical vertical precious metal, pathfinder element and quartz texture zonation:

- High grade gold and silver grades are reported predominantly in saccaroidal veins which outcrop at lower altitudes throughout the Los Domos Project area – typically below 1,100m. See areas T1 & T7 in Map 2.
- Areas where both relatively higher antimony and arsenic and intermittent gold and silver grades have been recorded within quartz veins typically occur between 1,100m and 1,200m. See areas T2 and T8.
- Areas where relatively higher antimony and arsenic and other pathfinder element values are reported with only anomalous precious metal values within quartz veins are typically at higher altitude above 1,200m. See areas T3, T4, T5, and T6.



Map 2. Los Domos Gold-Silver Geochemical Sampling Results

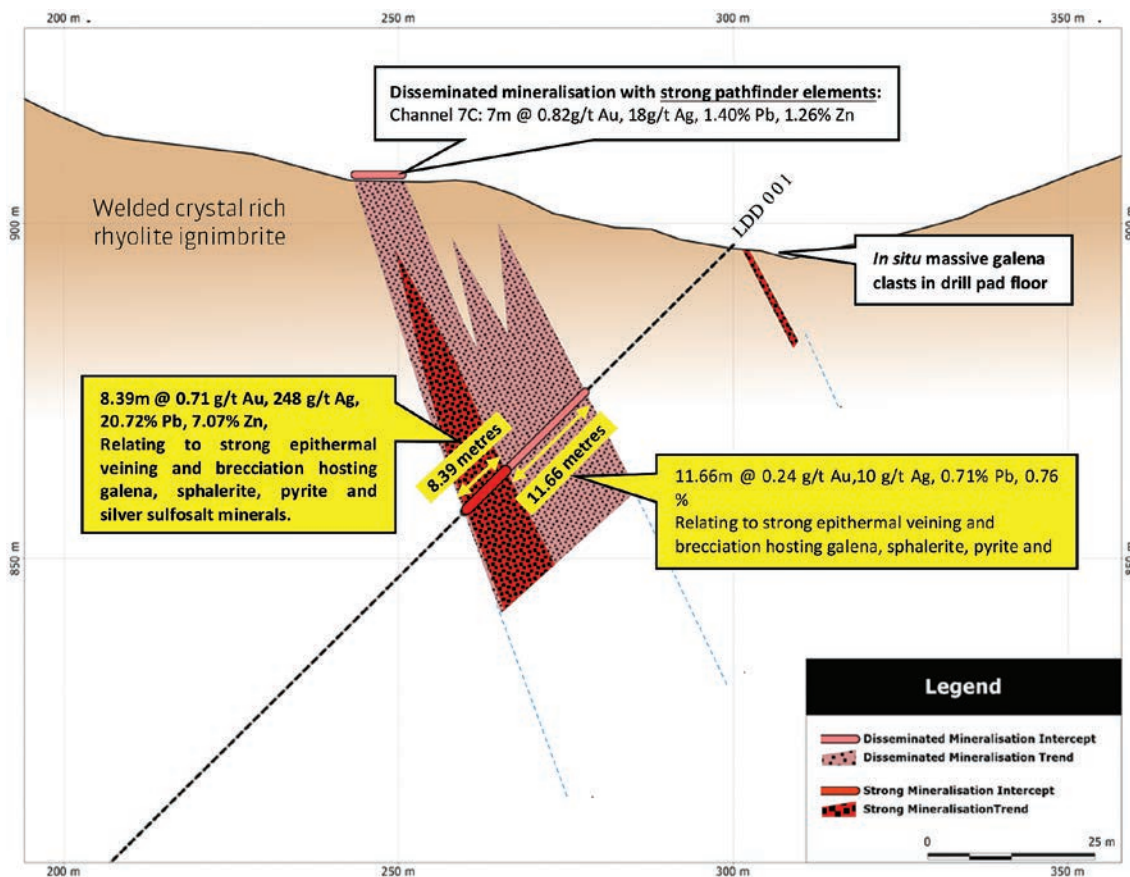
Review of Operations

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

An inaugural drill campaign commenced towards the end of the year. The first drill hole at the T7 Structure Prospect intercepted a shallow 8.39m mineralised interval which returned a weighted average of 0.71 g/t Au, 248 g/t Ag, 20.72% Pb and 7.07% Zn from 45.75m down hole. See Map 3.

The high grade mineralisation intersected in LDD 001 at the T7 Structure Prospect comprised brecciated, sphalerite and galena rich, banded epithermal quartz veins and hydrothermal breccias hosted in quartz crystal-rich tuff. This mineralisation is interpreted as representing part of a multiphase, possibly telescoped more Intermediate Sulphidation epithermal style of mineralisation which occurs within the dominantly Low Sulphidation epithermal style Los Domos project area.

Importantly this high grade intercept occurred directly beneath previously reported surface channel sampling which was low grade (7m @ 0.82g/t Au, 18g/t Ag, 1.40% Pb, 1.26% Zn) but enriched in high level pathfinder metals such as antimony and arsenic. This is an early “proof of concept” for the vertical zonation model developed during the early stages of the Los Domos project.



Map 3. Cross Section of Drill Hole LDD-001 at the T7 Structure Prospect

Mina Rica Thermal Coal Project

During the year, minimal work was undertaken at the Company's Mina Rica thermal coal project. The Directors have assessed the area for impairment and have fully impaired the Rio Perez project. The directors have

planned further exploration for the Mina Rica and Rio Rubens areas and continue to carry the capitalised exploration and evaluation expenditure in relation to these projects.

Compliance statement

The information in this report that relates to Exploration Results for the Los Domos Gold-Silver project is based on information compiled by Damien Koerber. Mr Koerber is a geological consultant to the Company. Mr Koerber is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Koerber has a beneficial interest as shareholder and Director of Terrane Minerals SpA ('vendor') in Los Domos Gold-Silver project and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

No Material Changes

Equus Mining Limited confirms that it is not aware of any new information or data that materially affects the information included in this Annual Report and that all information continues to apply.

- (i) All the material assumptions underpinning exploration results for sample numbers LD00001 to LD00102 are outlined in Table 1 and Appendix 1 in the initial public report titled Los Domos Gold-Silver project (see ASX release dated 25 October 2016) and continue to apply and have not materially changed.
- (ii) All the material assumptions underpinning exploration results for sample numbers LD00103 to LD00205 are outlined in Table 1 and Appendix 1 in the December 2016 Quarterly Activities Report (see ASX release dated 31 January 2017) continue to apply and have not materially changed.
- (iii) All the material assumptions underpinning exploration results for sample numbers LD00206 to LD00382 are outlined in Table 1 and Appendix 1 in the report titled Los Domos Gold-Silver Project High Grade Assay Results (see ASX release dated 3 March 2017) continue to apply and have not materially changed.
- (iv) All the material assumptions underpinning exploration results for sample numbers LD00283 to LD00400 are outlined in Table 1 and Appendix 1 in the report titled Los Domos Gold-Silver Project Yields Further High Grade Assay Results (see ASX release dated 31 March 2017) continue to apply and have not materially changed.
- (v) All the material assumptions underpinning exploration results for sample numbers LDD0001 to LDD00050 are outlined in Table 1 in the report titled Significant High Grade Assays From Shallow Depth Intercept In First Drill Hole At Los Domos Gold-Silver Project (see ASX release dated 12 July 2017) continue to apply and have not materially changed.

$$\text{AuEq(g/t)} = \text{Au(g/t)} + \text{Ag(g/t)} \times \text{ie Ag:Au} = 68:1$$

$$\begin{aligned} & \text{Price per 1 Ag(g)} \times \text{Ag Recovery (\%)} \\ & \text{Price per 1 Au(g)} \times \text{Au Recovery (\%)} \end{aligned}$$

Gold Equivalent Calculation Assumptions

Gold Price:	US\$1244 per ounce	US\$40 per gram	The metallurgical recoveries for Au and Ag are based on the recoveries being achieved by a neighbouring Cerro Bayo mine which is operating in the same geologic setting as the Los Domos project. It is EQE's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.
Silver Price:	US\$18.35 per ounce	US59c per gram	
2016 Gold Recovery*:	84.93%		
2016 Silver Recovery*:	87.40%		

*Source: http://www.mandalayresources.com/wp-content/uploads/2013/09/Cerro_Bayo_Operating_Statistics_Q4_2016.pdf

(a) www.mandalayresources.com

Yours sincerely



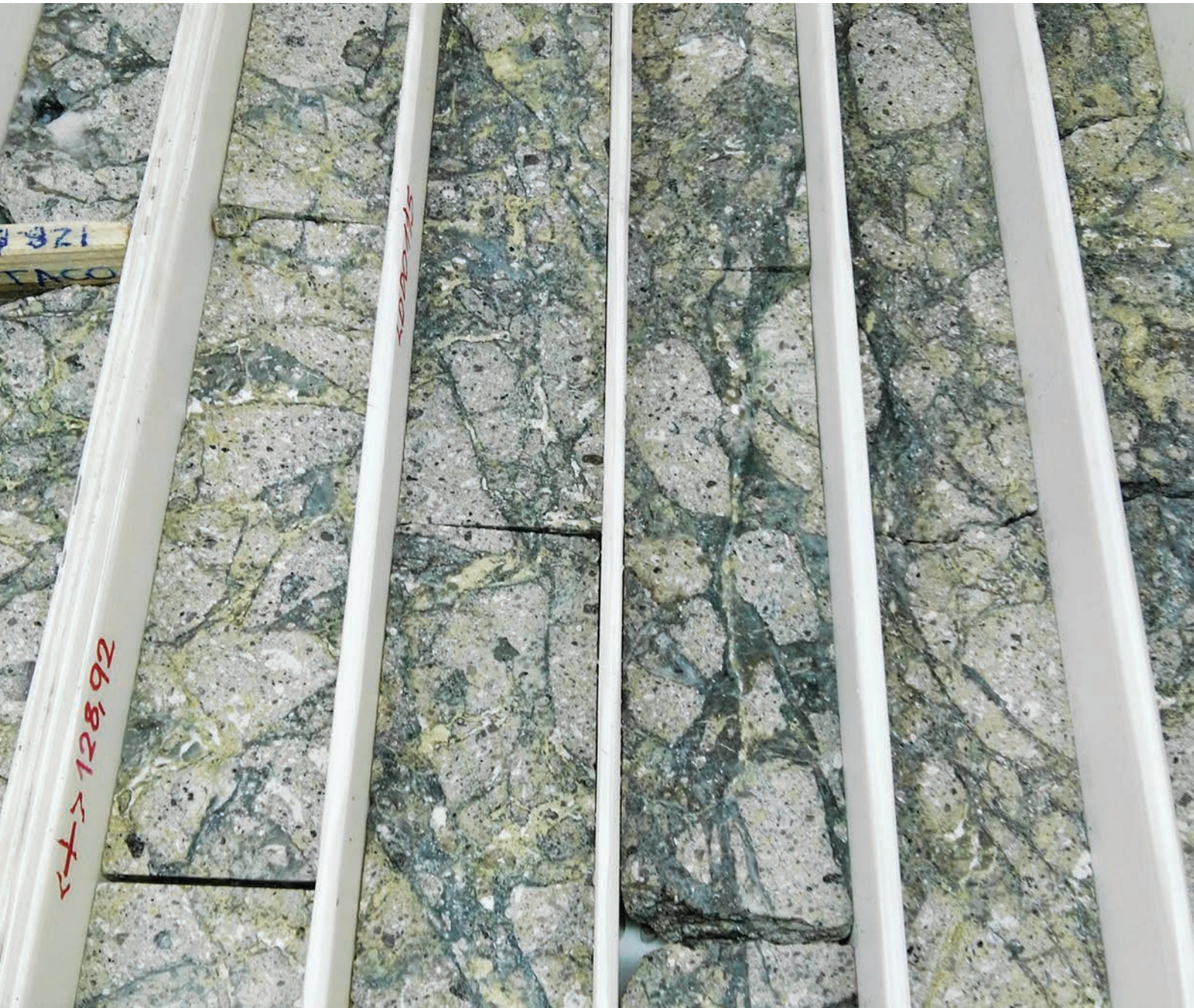
Ted Leschke
Managing Director

Dated this 25th day of September 2017

Corporate Governance Statement

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 corporate governance statement is dated 1 September 2017 and reflects the corporate governance practices throughout the 2017 financial year. The board approved the 2017 corporate governance on 1 September 2017. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement, which can be viewed at <http://www.equusmining.com/corporate-governance/>.



The Directors present their report, together with the consolidated financial statements of the Group, comprising of Equus Mining Limited ('Equus' or 'the Company') and its controlled entities for the financial year ended 30 June 2017 and the auditor's report thereon.

DIRECTORS

The names and details of the Directors in office during or since the end of the previous financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Mark Hamish Lochtenberg, Non-Executive Chairman
Director since 10 October 2014

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 30 years.

Mark Lochtenberg is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal.

Prior to this Mark established a coal "swaps" market for Bain Refco, (Deutsche bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

Mr Lochtenberg is the immediate past Managing Director of Pacific American Coal Limited and has previously been a Director of ASX-listed Cumnock Coal Limited and of privately held United Collieries Pty Limited and is currently a Director of Australian Transport, Energy Corridor Pty Limited, (ATEC) and unlisted public company Nickel Mines Pty Limited.

He has not served as a director of any other listed company during the past three years.

Edward Jan Leschke, Managing Director
Director since 5 September 2012

Mr. Leschke graduated with a Bachelor of Applied Science – Applied Geology degree from the Queensland University of Technology. During a 22 year professional career Mr Leschke initially worked as a mine geologist at the Elura zinc-lead-silver mine in central New South Wales as well as holding geological positions in a number of locations such as the Central Queensland coal fields, South Australia and Papua New Guinea.

Mr Leschke made the transition to the financial sector specialising in mining investment, analysis and corporate finance and has worked for a number of financial institutions including BZW Stockbroking, Aberdeen Asset Management and Shaw Stockbroking. Mr Leschke has been responsible for the inception of Equus Resources Ltd and the two wholly owned subsidiaries in the Republic of Chile.

He has not served as a director of any other listed company during the past three years.

Juerg Marcel Walker, Non-Executive Director
Director appointed 20 May 2002

Juerg Walker is a European portfolio manager and investor. He has over 30 years' experience in the Swiss banking industry, operating his own portfolio management company after leaving his position as senior vice president of a private bank in Zurich.

He has not served as a director of any other listed company during the past three years.

Directors' Report

Robert Ainslie Yeates, Non-Executive Director

Director since 20 July 2015

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

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

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 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 since 2016 he has been a director of Watagan Mining Ltd.

He has not served as a director of any other listed company during the past three years.

COMPANY SECRETARY

Marcelo Mora

Company Secretary since 16 October 2012

Marcelo Mora holds a Bachelor of Business degree and Graduate Diploma of Applied Corporate Governance, and is a Chartered Secretary (AGIA). Mr Mora has been an accountant for more than 30 years and has experience in resources and mining companies both in Australia and internationally, providing financial reporting and company secretarial services to a range of publicly listed companies.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors (while they were a Director) of the Company during the year are:

Director	Board Meetings	
	Held	Attended
Mark H. Lochtenberg	2	2
Edward J. Leschke	2	2
Juerg M. Walker	2	2
Robert A. Yeates	2	2

DIRECTORS' INTERESTS

Directors' beneficial shareholdings at the date of this report are:

Director	Fully Paid Ordinary Shares	Options over ordinary shares
Mark H. Lochtenberg	27,306,727	-
Edward J. Leschke	34,368,889	-
Juerg M. Walker	8,297,861	-
Robert A. Yeates	2,090,909	-

OPTION HOLDINGS

Options granted to directors' and officers'

The Company did not grant any options over unissued ordinary shares during or since the end of the financial year to directors as part of their remuneration. The Directors do not hold any options over unissued shares at the date of this report nor did they hold any at the reporting date.

The Company has not granted any options over unissued ordinary shares during or since the end of the financial year to officers as part of their remuneration.

Unissued shares under option

During the year, the Company issued 8,718,273 unlisted options over ordinary shares (2016: nil options)

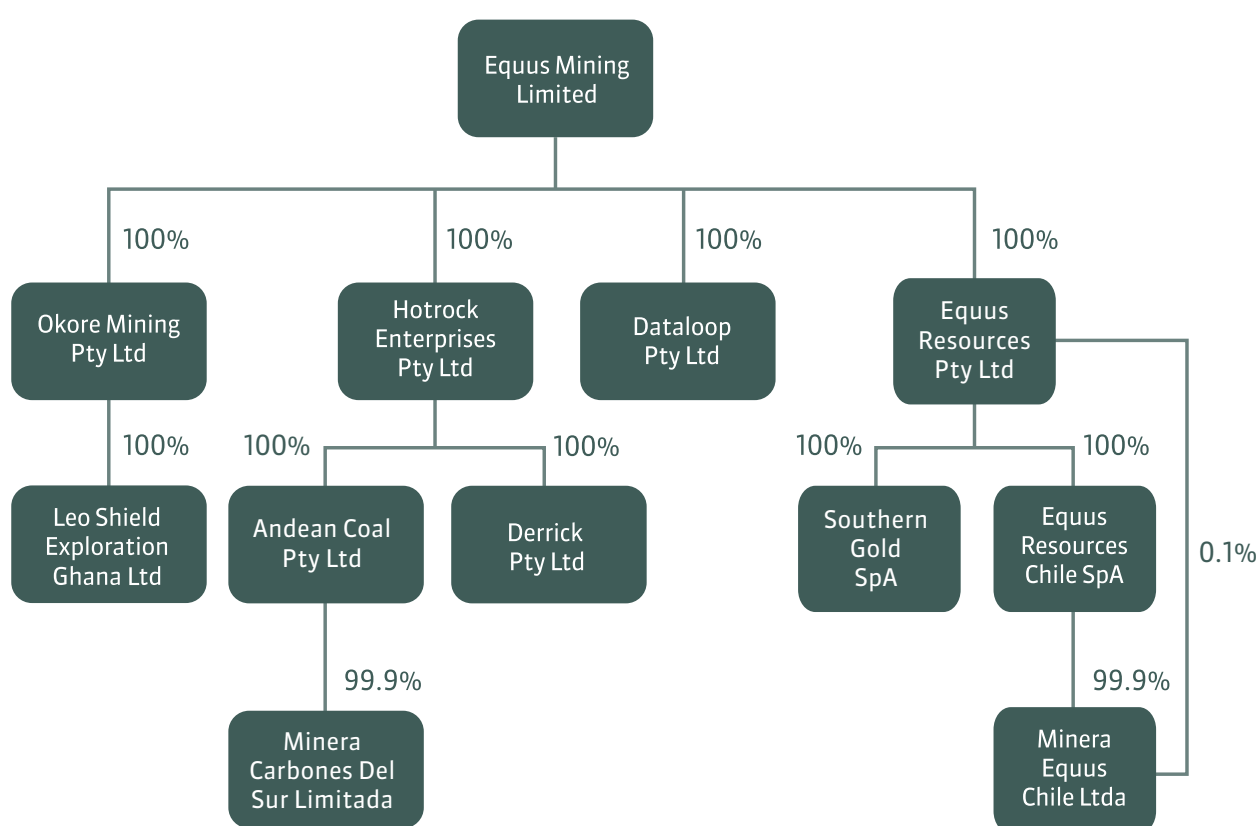
Number of shares	Exercise price	Expiry date
8,718,273	\$0.02	4 May 2018

CORPORATE INFORMATION

Corporate Structure

Equus Mining Limited is a limited liability company that is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. The Group's structure at 30 June 2017 is outlined below.

EQUUS MINING LIMITED – GROUP STRUCTURE AT 30 JUNE 2017



The Companies referred above comprise the “Consolidated Entity” for the purposes of the Financial Statements included in this report. On 18 October 2016, the Group incorporated Southern Gold SpA in the Republic of Chile.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was the incorporation of Southern Gold SpA in the Republic of Chile to acquire the rights to 100% of the Los Domos gold-silver project via an earn-in and purchase agreement with Terrane Minerals SpA and the mineral exploration in the Magallanes Basin of its coal assets.

FINANCIAL RESULTS

The consolidated loss after income tax attributable to members of the Company for the year was \$899,548 (2016: \$3,573,850 loss).

REVIEW OF OPERATIONS

A review of the Group's operations for the year ended 30 June 2017 is set out on pages 3 to 7 of this Annual Report.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2017. No dividends have been paid or declared during the financial year (2016 - \$nil).

CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2017 were as follows:

- On 25 October 2016, the Group announced that it had acquired the rights to 100% of the Los Domos gold-silver project via an earn-in and purchase agreement with Terrane Minerals SpA ('Terrane'). The project is located in Chile's XI region, adjacent to the Cerro Bayo gold-silver mine.
- Under the agreement Equus is to fund a programme of systematic surface sampling and 2,000m of drilling. On completion of the drilling program, Terrane is to transfer its Los Domos project assets into a the newly formed Joint Venture Company, Southern Gold SpA incorporated in the Republic of Chile ('JV') of which Equus will hold a 51% equity interest and Terrane a 49% equity interest.
- Equus has a two-year option to buy the remaining 49% interest in the JV by issuing Terrane A\$450,000 worth of Ordinary shares in the capital of Equus Mining Limited at an issue price of 1.2 cents, equivalent to 37.5m shares. Upon exercising

this option Equus will own 100% of the project. The shares issued to Terrane will be voluntarily escrowed for a period of 12 months. In addition, Equus reimbursed historical costs of US\$141,000 incurred by Terrane during the period ended 31 December 2016.

- On 4 November 2016, the Company issued 100,000,000 new ordinary shares under a placement for a total consideration of \$1,000,000.
- On 4 November 2016, the Company issued 8,718,273 unlisted options as part consideration for the capital raising completed during the period. Each option entitles the holder to subscribe for and be allotted one ordinary share in Equus Mining Limited at an exercise price of \$0.02 per option. The options are exercisable at any time on or before 4 May 2018 and are fully vested.
- On 27 March 2017, the Company issued 43,487,309 new ordinary shares for tranche one under a two tranche placement for a total consideration of \$521,848.
- On 3 May 2017, the Company issued 89,846,024 new ordinary shares under the placement for tranche two for a total consideration of \$1,078,152.
- On 15 June 2017, the Company announced the results of the first drill hole (LDD 001) with strong mineralisation intersected at shallow depth intersecting a cumulative 12.9 metres downhole interval hosting visual indications of precious and base metal mineralisation.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

The Group's exploration activities in Chile are subject to environmental laws, regulations and permit conditions as they apply in the country of operation. There have been no breaches of environmental laws or permit conditions while conducting operations in Chile during the year.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

EVENTS SUBSEQUENT TO BALANCE DATE

On 20 September 2017, the Company issued 6,974,618 ordinary shares through the exercise of options for cash totalling \$139,492.

No other matters or circumstances have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS

Equus considers growth as a vital strategy for the Company taking into consideration its existing operations in southern Chile. The addition of the Los Domos gold-silver project in Chile region XI during the second half of 2016 has added substantial value to the Company as has the acquisition of several new exploration coal licences in the Magellan Basin.

During the course of 2018 financial year, the Company will focus on its drilling program at Los Domos and its ongoing strategic assessment of its coal assets in the Magellan basin. The Directors expect to receive results of future exploration programs at Los Domos gold-silver project, which they will make public in accordance with ASX listing rules once the information is received.

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During or since the end of the financial, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred as such by an officer or auditor. The Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

REMUNERATION REPORT - Audited

Principals of compensation - Audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company. No other employees have been deemed to be key management personnel.

The remuneration policy of Directors and senior executives is to ensure the remuneration package properly reflects the persons' duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The evaluation process is designed to assess the Group's business performance, whether long-term strategic objectives are being achieved, and the achievement of individual performance objectives.

The Constitution and ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at a shareholders meeting on 29 November 2005 when the shareholders approved an aggregate remuneration of \$200,000 per year.

Remuneration generally comprises of salary and superannuation. Long-term incentives are able to be provided through the Company's share option program, which acts, to align the Director's and senior executive's actions with the interests of the shareholders, no options were granted or outstanding to key management personnel for the year ended 30 June 2017, or in the prior year. The remuneration disclosed below represents the cost to the Group for services provided under these arrangements.

Edward Leschke and Mark Lichtenberg are paid through the Company's payroll. All other Directors services are paid by way of arrangement with related parties.

There were no remuneration consultants used by the Company during the year ended 30 June 2017, or in the prior year.

Directors' Report

REMUNERATION REPORT – Audited (Con't)

Consequences of performance on shareholders' wealth - Audited

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

	2017 \$	2016 \$	2015 \$	2014 \$	2013 \$
Net loss attributable to equity holders of the parent	899,548	3,573,850	1,048,648	9,856,444	3,546,382
Dividends paid		-	-	-	-
Change in share price	0.02	(0.01)	0.01	(0.02)	0.00

The overall level of key management personnel's compensation has been determined based on market conditions, advancement of the Group's projects and the financial performance of the Group.

Details of the nature and amount of each major element of the remuneration of each Director of the Company and other key management personnel of the Company and Group are:

	Year	Short-term employee benefits		Post Employment Benefits	Share based payments	Total
		Primary Salary / Fees	Consulting Fees	Super-annuation	share options	
		\$	\$	\$	\$	\$
Executive Directors						
Edward Leschke	2017	150,000	-	14,250	-	164,250
	2016	150,000	-	14,250	-	164,250
Non-Executive Directors						
Robert Yeates	2017	30,000	-	-	-	30,000
	2016	28,370	-	-	-	28,370
Juerg Walker	2017	30,000	-	-	-	30,000
	2016	30,000	-	-	-	30,000
Mark Lichtenberg	2017	30,000	-	2,850	-	32,850
	2016	30,000	-	2,850	-	32,850
Total all directors	2017	240,000	-	17,100	-	257,100
	2016	238,370	-	17,100	-	255,470

Remuneration Structure

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Director remuneration is separate and distinct.

Service contracts

In accordance with best practice corporate governance the company provided each key management personnel with a letter detailing the terms of appointment, including their remuneration.

REMUNERATION REPORT – Audited (Con't)

Executive Directors

During the financial year ended 30 June 2017, only Edward Leschke was considered an Executive Director. His salary comprised of fixed remuneration plus 9.5% statutory superannuation paid through the Company's payroll.

Non Executive Directors

During the financial year ended 30 June 2017, the following Directors were considered Non Executive Directors:

- Mark Lochtenberg;
- Juerg Walker;
- Robert Yeates;

The salary component of Non-Executive Directors was made up of:

- fixed remuneration;
- 9.5% statutory superannuation for Australian resident directors pay through the Company's payroll; and
- an entitlement to receive options, subject to shareholders' approval.

The services of non-executive directors who are not paid through the Company's payroll system are provided by way of arrangements with related parties.

Options granted as compensation

There are no options held by Directors over ordinary shares.

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the issuing entity during the 2017 and 2016 financial years.

Exercise of options granted as compensation

There were no shares issued on the exercise of options previously granted as compensation during the 2017 and 2016 financial years.

Options and rights over equity instruments

Directors or Key management personnel do not hold any options over unissued shares at the date of this report nor did they hold any at the reporting date.

Loans to key management personal and their related parties

There were no loans made to key management personnel or their related parties during the 2017 and 2016 financial years and no amounts were outstanding at 30 June 2017 (2016 - \$nil).

Other transactions with key management personnel

There were no other transactions with key management personnel or their related parties during 2017.

At 30 June 2017, the amount outstanding for salaries, superannuation and directors fees was Nil (2016: \$114,862).

REMUNERATION REPORT – Audited (Con't)

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

Fully paid ordinary shareholdings and transactions - 2017

Key management personnel	Held at 1 July 2016	Purchases	Sales	Held at 30 June 2017
Mark H. Lochtenberg	22,306,727	5,000,000	–	27,306,727
Edward J. Leschke	34,368,889	–	–	34,368,889
Juerg M. Walker	8,297,861	–	–	8,297,861
Robert A. Yeates	1,090,909	1,000,000	–	2,090,909

END OF REMUNERATION REPORT

NON-AUDIT SERVICES

During the year ended 30 June 2017 KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the year are set out below.

	2017 \$	2016 \$
Services other than audit and review of financial statements:		
Other services		
Taxation advisory services	–	8,500
	–	8,500
Audit and review of financial statements	80,100	76,900
	80,100	85,400

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the financial year ended 30 June 2017.

Signed at Sydney this 25th day of September 2017

in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Chairman



Edward J. Leschke
Managing Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equus Mining Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'Adam Twemlow'.

Adam Twemlow

Partner

Brisbane

25 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
CONTINUING OPERATIONS			
Other income	4	-	3,517
Expenses			
Employee, directors and consultants costs		(437,100)	(376,858)
Depreciation expense		-	(937)
Travel expenses		(8,319)	(9,290)
Reversal impairment of property	27	-	70,819
Impairment exploration expenditure	11	(165,878)	-
Gain on disposal of subsidiary		-	177,917
Other expenses	4	(327,486)	(296,739)
Results from operating activities		(938,783)	(431,571)
Finance income	5	39,607	11,558
Finance costs	5	(372)	(174,515)
Net finance income/(expense)		39,235	(162,957)
Profit/(loss) before tax		(899,548)	(594,528)
Tax benefit/(expense)	6	-	-
Profit/(loss) from continuing operations		(899,548)	(594,528)
DISCONTINUED OPERATION			
Loss from discontinued operation (net of tax)	28	-	(2,977,730)
Loss for the year		(899,548)	(3,572,258)
Other comprehensive income for the year			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	15	(66,746)	2,798,518
Net change in fair value of available-for-sale financial assets	10	410,741	(174,515)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	10	(34,748)	174,515
Total other comprehensive income/(loss)		309,247	2,798,518
Total comprehensive loss for the year		(590,301)	(773,740)
Loss for the year attributable to:			
Equity holders of the Company		(899,548)	(3,573,850)
Non-controlling Interests		-	1,592
		(899,548)	(3,572,258)
Total comprehensive loss attributable to:			
Equity holders of the Company		(590,301)	(776,447)
Non-controlling Interests		-	2,707
		(590,301)	(773,740)
Earnings per share			
Basic and diluted loss per share attributable to ordinary equity holders (dollars)	16	(0.002)	(0.008)
Earnings per share - continuing operations			
Basic and diluted loss per share attributable to ordinary equity holders (dollars)	16	(0.002)	(0.001)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	7	1,120,683	119,261
Receivables	8	36,255	13,378
Assets held for sale	27	-	70,819
Other	9	1,369	2,023
Total Current Assets		1,158,307	205,481
Non-Current Assets			
Available-for-sale financial assets	10	403,093	27,976
Exploration and evaluation expenditure	11	1,897,038	1,534,227
Other	9	84,978	-
Property, plant and equipment	12	-	-
Total Non-Current Assets		2,385,109	1,562,203
Total Assets		3,543,416	1,767,684
Current Liabilities			
Payables	13	367,029	435,504
Total Current Liabilities		367,029	435,504
Total Liabilities		367,029	435,504
Net Assets		3,176,387	1,332,180
Equity			
Share capital	14	110,921,315	108,545,219
Reserves	15	434,405	-
Foreign currency translation reserve	15	(532,325)	(465,579)
Accumulated losses		(107,647,008)	(106,747,460)
Total Equity		3,176,387	1,332,180

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Share Capital	Accumulated Losses	Other Reserves	Foreign Currency Translation Reserves	Total	Non controlling Interest	Total Equity
	\$	\$		\$	\$	\$	\$
Balance at 1 July 2015	107,814,973	(103,205,351)	144,000	(3,262,982)	1,490,640	205,034	1,695,674
Profit/(Loss) for the year	-	(3,573,850)	-	-	(3,573,850)	1,592	(3,572,258)
Total other comprehensive income	-	-	-	2,797,403	2,797,403	1,115	2,798,518
Total comprehensive profit/(loss) for the year	-	(3,573,850)	-	2,797,403	(776,447)	2,707	(773,740)
Transactions with owners recorded directly in equity							
Ordinary shares issued	435,352	-	-	-	435,352	-	435,352
Transaction costs on issue of shares	(25,106)	-	-	-	(25,106)	-	(25,106)
Transfer of expired options	-	144,000	(144,000)	-	-	-	-
Changes in ownership interest in subsidiaries							
Acquisition of non-controlling interest	320,000	(112,259)	-	-	207,741	(207,741)	-
Balance at 30 June 2016	108,545,219	(106,747,460)	-	(465,579)	1,332,180	-	1,332,180
Balance at 1 July 2016	108,545,219	(106,747,460)	-	(465,579)	1,332,180	-	1,332,180
Profit/(Loss) for the year	-	(899,548)	-	-	(899,548)	-	(899,548)
Total other comprehensive income / (loss)	-	-	375,993	(66,746)	309,247	-	309,247
Total comprehensive profit/(loss) for the year	-	(899,548)	375,993	(66,746)	(590,301)	-	(590,301)
Transactions with owners recorded directly in equity							
Ordinary shares issued	2,600,000	-	-	-	2,600,000	-	2,600,000
Transaction costs on issue of shares	(223,904)	-	-	-	(223,904)	-	(223,904)
Share options	-	-	58,412	-	58,412	-	58,412
Balance at 30 June 2017	110,921,315	(107,647,008)	434,405	(532,325)	3,176,387	-	3,176,387

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		-	4,560
Cash payments in the course of operations		(949,226)	(524,817)
Net cash used in operations		(949,226)	(520,257)
Interest received		4,487	3,570
Net cash used in operating activities	17	(944,739)	(516,687)
Cash flows from investing activities			
Payments for exploration and development expenditure		(481,410)	(419,063)
Proceeds from sale of property		75,530	-
Proceed from sale of financial assets		17,667	-
Net cash used in investing activities		(388,213)	(419,063)
Cash flows from financing activities			
Proceeds from share issues		2,450,000	435,352
Share issue expenses		(117,492)	(25,106)
Net cash provided by financing activities		2,332,508	410,246
Net increase / (decrease) in cash held		999,556	(525,504)
Cash and cash equivalents at 1 July		119,261	644,765
Effects of exchange rate fluctuations on cash held		1,866	-
Cash and cash equivalents at 30 June	17	1,120,683	119,261

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

1. REPORTING ENTITY

Equus Mining Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 2, 66 Hunter Street, Sydney, NSW, 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 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 mineral resource opportunities in southern Chile, South America.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Directors on 25 September 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Going concern

The consolidated 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 year, the Company raised \$2,332,508 (net of associated costs) through several placements.

The Group recorded a loss attributable to equity holders of the Company of \$899,548 for the year ended 30 June 2017 and has accumulated losses of \$107,647,008 as at 30 June 2017. The Group has cash on hand of \$1,120,683 at 30 June 2017 and used \$1,426,149 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2017. Additional funding will be required to meet the Group's projected cash outflows for a period of 12 months from the date of the directors' declaration.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent upon the Group raising additional funding from shareholders or other parties and the Group reducing expenditure in-line with available funding.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure to the level of funding available.

In the event that the Group does not obtain additional funding reduced expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

2. BASIS OF PREPARATION (Cont.)

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

- Note 2(d) - Going concern;
- Note 6 - Income tax expense; and
- Note 11 - Exploration and evaluation expenditure.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities in the Group.

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entities and the revenue can be reliably measured.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(c) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as intangible exploration and evaluation assets on an area of interest basis, less any impairment losses. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Exploration and evaluation expenditure (Cont.)

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to developing mine properties.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/ other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Depreciation rates

<u>Class of assets</u>	<u>Depreciation basis</u>	<u>Depreciation rate</u>
Computer and Office Equipment	Straight Line	20% to 50%
Motor Vehicles	Straight Line	10% to 20%
Building improvements	Straight Line	10%
Plant & equipment	Straight Line	20%
Office Fittings	Straight Line	25%

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(e) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss is reclassified to profit or loss.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(f) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(g) Trade and other receivables and payables

Trade receivables and payables are carried at amortised cost. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables and payables are discounted to determine the fair value.

(h) Impairment

Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

For an investment in an equity security classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group consider a decline of 20 per cent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Impairment (Cont.)

Non-financial assets

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

Reversals of impairment

An impairment loss in respect of a financial asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of non-financial assets, an impairment loss is reversed if there has been a conclusive change in the estimates used to determine the recoverable amount. 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 or amortisation, if no impairment loss had been recognised.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(j) Income tax

Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Income tax (Cont.)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(l) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

Any references to functional currency, unless otherwise stated, are to the functional currency of the Company, Australian dollars.

When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(m) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted is recognised as an employee and consultants expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(q) Provision site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(r) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity securities

The fair values of investments in equity securities are determined with reference to the quoted market price that is most representative of the fair value of the security at the measurement date.

Share-based payment transactions

The fair value of the share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividends, and the risk-free interest rate (based on government bonds).

The grant-date fair value of share-based payment awards is recognised as an expense, with a corresponding increase in equity, over the period that the recipient unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Service and non-market performance conditions are not taken into account in determining fair value.

(s) Assets held for sale, and discontinued operations

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(s) Assets held for sale, and discontinued operations (Cont.)

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

(t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financials instruments from AASB 139.

AASB 9 is effective for the Company's annual reporting period beginning 1 July 2018 and can be early adopted. The Company does not plan to adopt this standard early and the Company have not determined which elections it will make under the new standard.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

4. LOSS FROM OPERATING ACTIVITIES

	2017 \$	2016 \$
Other income		
Recognised in profit or loss		
Other	-	3,517
	<u>-</u>	<u>3,517</u>
Other expenses		
Administration costs	44,996	25,585
Accounting and secretarial fees	35,771	58,237
Commissions	186	29,809
Insurance	11,300	14,234
ASIC and ASX fees	19,904	24,403
Share registry fees	18,291	12,074
Legal fees	60,711	846
Audit and review services – KPMG	80,100	76,900
Other services – KPMG	-	8,500
Other expenses	56,227	46,151
	<u>327,486</u>	<u>296,739</u>

5. FINANCE INCOME AND FINANCE COSTS

Recognised in profit and loss		
Interest income on cash deposits	4,487	3,570
Profit on sale of financial assets	35,120	-
Foreign exchange gain / (loss)	(372)	7,988
	<u>39,235</u>	<u>11,558</u>
Impairment of available-for-sale investments reclassified to profit or loss	-	(174,515)
Net finance income/(costs) recognised in profit or loss	<u>39,235</u>	<u>(162,957)</u>
Recognised in other comprehensive income		
Net change in fair value of available-for-sale financial assets	410,741	(174,515)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(34,748)	174,515
Finance cost recognised in other comprehensive income, net of tax	<u>375,993</u>	<u>-</u>

For the Year Ended 30 June 2017

	2017 \$	2016 \$
6. INCOME TAX EXPENSE		
Current tax expense		
Current year	(205,668)	(163,599)
Overprovision in prior year	-	-
Losses not recognised	205,668	163,599
	-	-
<i>Numerical reconciliation of income tax expense to prima facie tax payable:</i>		
Loss before tax	899,548	3,572,258
Prima facie income tax benefit at the Australian tax rate of 27.5% (2016 - 30%)	(247,376)	(1,071,677)
Decrease in income tax benefit due to:		
- non-deductible expenses	66,934	842,724
- overprovision in prior year	-	-
- tax losses not recognised	196,113	163,599
- effect of net deferred tax assets not brought to account	(15,671)	65,354
Income tax expense/(benefit)	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	6,188,097	6,761,076
Tax losses	3,193,247	3,343,838
Net deductible temporary differences	331,582	371,697
Potential tax benefit at 27.5%	9,712,926	10,476,611

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there-from.

	2017 \$	2016 \$
7. CASH AND CASH EQUIVALENTS		
Cash at bank	80,462	88,010
Deposits at call	1,040,221	31,251
	1,120,683	119,261

8. RECEIVABLES

Current

Sundry debtors	36,255	13,378
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Trade and sundry debtors are non-interest bearing and generally on 30-day terms.

9. OTHER ASSETS

Prepayments

Current	1,369	2,023
Non-current	84,978	-
	86,347	2,023

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

	2017 \$	2016 \$
10. INVESTMENTS		
Equity securities - available-for-sale at fair value	<u>403,093</u>	<u>27,976</u>

At 30 June 2017 the Directors compared the carrying value of the 1,722,550 shares (2016: 1,861,150) in Blox Inc., a US over the counter traded company to market value and recorded an increase in fair value within equity of \$375,993 (2016 reduction in equity- \$174,515) based on a closing share price of US\$0.018 at 30 June 2017. The increase in fair value of \$375,117 has been recognised in non-current assets. A foreign exchange loss of \$877 has also been recorded on translation of the USD investment.

	2017 \$	2016 \$
11. EXPLORATION AND EVALUATION EXPENDITURE		
Carbones del Sur	1,395,431	1,534,227
Los Domos gold-silver	501,607	-
Net Book Value	<u>1,897,038</u>	<u>1,534,227</u>

Carbones del Sur

Carrying amount at the beginning of the year	1,534,227	1,073,712
Additions	61,596	467,568
Impairment	(165,878)	-
Foreign currency translation movement	(34,514)	(7,053)
Net book value	<u>1,395,431</u>	<u>1,534,227</u>

Los Domos gold-silver

Carrying amount at the beginning of the year	-	-
Additions	523,398	-
Foreign currency translation movement	(21,791)	-
Balance carried forward	<u>501,607</u>	<u>-</u>

During the year, the Company surrendered the licences to the Rio Perez area and impaired 100% of the projects carrying value.

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.

For the Year Ended 30 June 2017

12. PROPERTY, PLANT AND EQUIPMENT

	2017 \$	2016 \$
Furniture and fittings - at cost	1,892	1,892
Accumulated depreciation	(1,892)	(1,892)
Net book value	-	-
Office equipment - at cost	2,785	2,785
Accumulated depreciation	(2,785)	(2,785)
Net book value	-	-
Property – at cost	192,710	192,710
Accumulated depreciation	(192,710)	(192,710)
Net book value	-	-
Total property, plant and equipment net book value	-	-

Reconciliation:

Carrying amount at the beginning of the year	-	937
Disposals	-	-
Depreciation	-	(937)
Impairment reversal	-	70,819
Transfer to assets held for sale	-	(70,819)
Carrying amount at the end of the year	-	-

13. TRADE AND OTHER PAYABLES

Current liabilities		
Trade creditors and accruals	367,029	428,142
Employee leave entitlements	-	7,362
	367,029	435,504

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

	2017	2016
	\$	\$
14. ISSUED CAPITAL		
668,206,427 (2016: 434,873,094) fully paid ordinary shares	<u>110,921,315</u>	<u>108,545,219</u>

	2017		2016	
	N°	\$	N°	\$
(a) Fully paid ordinary shares				
Balance at beginning of financial year	434,873,094	108,545,219	379,295,675	107,814,973
Issued ordinary shares 31 July 2015 – non-cash ¹	–	–	16,000,000	320,000
Issued ordinary shares 19 October 2015 for \$0.011	–	–	36,213,783	398,352
Issued ordinary shares 16 December 2015 for \$0.011	–	–	3,363,636	37,000
Less cost of issue	–	–	–	(25,106)
Issued ordinary shares 4 November 2016 for \$0.010	100,000,000	1,000,000	–	–
Issued ordinary shares 27 March 2017 for \$0.012	43,487,309	521,848	–	–
Issued ordinary shares 3 May 2017 for \$0.012	89,846,024	1,078,152	–	–
Less cost of issue	–	(223,904)	–	–
	<u>668,206,427</u>	<u>110,921,315</u>	<u>434,873,094</u>	<u>108,545,219</u>

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

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

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

(b) Share Options

During the year ended 30 June 2017 the Company issued 8,718,273 options (30 June 2016 Nil) as part consideration for the capital raising completed on 4 November 2016. The options vested immediately and expire on 4 May 2018. Each option entitles the holder to subscribe for and be allotted one ordinary share in Equus Mining Limited at an exercise price of \$0.02 per option.

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

For the Year Ended 30 June 2017

15. RESERVES

	2017 \$	2016 \$
Equity based compensation reserve (a)	58,412	-
Fair value reserve (b)	375,993	-
Foreign currency translation reserves (c)	(532,325)	(465,579)
	<u>(97,920)</u>	<u>(465,579)</u>
Movements during the period:		
(a) Equity based compensation reserve		
Balance at beginning of period	-	144,000
Expired options	-	(144,000)
Share base payment - vested share options	58,412	-
Balance at end of period	<u>58,412</u>	<u>-</u>
(b) Fair value reserve		
Balance at beginning of period	-	-
Net change in fair value of available-for-sale financial assets	375,993	-
Balance at end of period	<u>375,993</u>	<u>-</u>
(c) Foreign currency translation reserves		
Balance at beginning of period	(465,579)	(3,262,982)
Transfer of foreign currency translation reserve to loss on disposal of subsidiary in profit or loss – discontinued operations	-	2,976,499
Transfer of foreign currency translation reserve to gain on disposal of subsidiary in profit or loss	-	(177,981)
Currency translation differences	(66,746)	(1,115)
Balance at end of period continuing operations	<u>(532,325)</u>	<u>(465,579)</u>

Nature and purpose of reserves

Equity based compensation reserve:

The equity based compensation reserve is used to record the fair value of options issued but not exercised.

Fair value reserve:

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the assets are derecognised or impaired.

Foreign currency translation reserve:

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

16. LOSS PER SHARE

	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	\$	\$	\$	\$	\$	\$
Basic and diluted profit/(loss) per share: Net profit/(loss) for the year attributable to equity holders of the parent	<u>(899,548)</u>	-	<u>(899,548)</u>	(596,120)	(2,977,730)	<u>(3,573,850)</u>

Weighted average number of ordinary shares (basic and diluted)

	2017	2016
Issued ordinary shares at beginning of year	434,873,094	379,295,675
Effect of shares issued (Note 14)	<u>90,800,997</u>	<u>41,686,205</u>
Weighted average ordinary shares at the end of the year	<u>525,674,091</u>	<u>420,981,880</u>

As the Group is loss making, none of the potentially dilutive securities are currently dilutive in the calculation of total earnings per share.

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2017 \$	2016 \$
Cash flows from operating activities		
Loss for the year	<u>(899,548)</u>	<u>(3,572,258)</u>
Non-cash items		
Depreciation	-	937
Gain on sale of property	(6,011)	-
Impairment of available for sale financial assets	-	174,515
Gain on sale of available for sale financial assets	(34,748)	-
Impairment/(reversal of impairment) of property, plant and equipment	-	(70,819)
Impairment of exploration and evaluation expenditure	165,878	-
Foreign currency exchange loss/(gain)	5,366	(7,988)
Gain on disposal of subsidiary	-	(177,917)
Loss on sale of subsidiary, net of cash	-	2,976,499
Changes in assets and liabilities		
Decrease/(increase) in receivables	(22,877)	(8,258)
Decrease/(increase) in other assets	(84,324)	3,991
(Decrease)/Increase in payables	(68,475)	170,601
(Decrease)/Increase in other liabilities	-	(5,990)
Net cash used in operating activities	<u>(944,739)</u>	<u>(516,687)</u>

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and cash on deposit net of bank overdrafts and excluding security deposits. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	<u>1,120,683</u>	<u>119,261</u>
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18. RELATED PARTIES

Parent and ultimate controlling party

Equus Mining Limited is both the parent and ultimate controlling party of the Group.

Key management personnel and director transactions

During the year ended 30 June 2017 and 2016, No key management persons, or their related parties, held positions in other entities that provide material professional services resulting in them having control or joint control over the financial or operating policies of those entities.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

Information regarding individual key management personnel's compensation and some equity instruments disclosures as permitted by Corporations Act and Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Director's Report.

	2017 \$	2016 \$
Key management personnel compensation		
Primary fees/salary	240,000	238,370
Superannuation	17,100	17,100
	<u>257,100</u>	<u>255,470</u>

At 30 June 2017 no fees were outstanding including superannuation (2016 – 114,862). There were no loans made to key management personnel or their related parties during the 2017 and 2016 financial years.

The Board reviews remuneration arrangements annually based on services provided. Apart from the details disclosed in this note, there were no material contracts involving Directors' interest's existing at year-end.

20. SHARE BASED PAYMENTS

The Company makes share based payments to consultants and/or service providers from time to time, not under any specific plan. The Company also may issue options to directors of the parent entity. Specific shareholder approval is obtained for any share based payments to directors of the parent entity.

Movement of options during the year ended 30 June 2017

Grant date	Outstanding at the beginning of the year	Granted during the year	Cancelled during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
4 November 2016	8,718,273	8,718,273	-	-	-	8,718,273	8,718,273

Options outstanding at 30 June 2017

Grant date	Number of options	Exercise price	Fair value at grant date	Vesting Date	Expiry date
4 November 2016	8,718,273	\$0.02	\$0.0067	4 November 2016	4 May 2018

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

20. SHARE BASED PAYMENTS (Cont.)

Movement of options during the year ended 30 June 2016

Grant date	Outstanding at the beginning of the year	Exercise Price	Granted during the year	Cancelled during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
13 November 2012	1,000,000	\$0.075	-	-	-	(1,000,000)	-	-
13 November 2012	1,000,000	\$0.150	-	-	-	(1,000,000)	-	-
13 November 2012	1,000,000	\$0.200	-	-	-	(1,000,000)	-	-
13 November 2012	1,000,000	\$0.250	-	-	-	(1,000,000)	-	-

Options outstanding at 30 June 2016

There were no options outstanding at 30 June 2016.

Weighted average exercise price of options

Year	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2017	-	\$0.02	-	-	-	\$0.02	\$0.02
2016	\$0.169	-	-	-	\$0.169	-	-

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.84 years (2016: nil).

Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the option holder become unconditionally entitled to the options. The fair value of the options granted is measured using an appropriate option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

During the year ended 30 June 2017, no options expired unexercised (2016: 4,000,000).

The total fair value of the 8,718,273 options granted on 4 November 2016 was \$58,412. The options were issued Bell Potter Nominees Ltd. The options were valued using the Black-Scholes formula. The valuation inputs were the Company's share price of \$0.014 at the grant date, a volatility factor of 124% (based on historical share price performance), a life of 18 months, a risk-free interest rate of 1.65% based on the 2 year government bond rate and a dividend yield of 0%. The exercise price of \$0.02. These options had a non-market performance vesting condition and hence the options fully vested on grant date.

Expenses arising from share-based payment transactions

During the year ended 30 June 2017, the Company issued 15 million ordinary fully paid shares at \$0.01 per share as share-based payment to the Directors of Mining Services Trust, for services provided and outstanding. Total share-based payment during the year ended 30 June 2017 amounted to \$150,000 (2016: \$nil).

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE

The Group's financial instruments comprise deposits with banks, receivables, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity based on expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. At balance date, the Group has available funds of \$1,120,683 for its immediate use.

The following are the contractual maturities of financial liabilities:

Financial liabilities	Carrying amount \$	Contractual cash flows \$	Less than 6 months \$	6 to 12 months \$	1 to 5 years \$	More than 5 years \$
Trade and other payables						
30 June 2017	367,029	(367,029)	(367,029)	-	-	-
30 June 2016	435,504	(435,504)	(435,504)	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure as follows:

	2017 \$	2016 \$
Cash and cash equivalents	1,120,683	119,261
Receivables	36,255	13,378
	<u>1,156,938</u>	<u>132,639</u>

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Credit risk (Cont.)

Cash and cash equivalents

At 30 June 2017, the Group held cash and cash equivalents of \$1,120,683 (2016: \$119,261), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable banks and financial institution counterparties, which are rated AA- to AAA+, based on rating agency 'Moody's rating'.

Receivables

For the year ended 30 June 2017, the Group does not hold a significant value of trade receivables, and therefore has minimal exposure to credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses.

At year-end, the interest rate risk profile of the Group's interest bearing financial instruments was:

	2017	2016
	\$	\$
Cash and cash equivalents	<u>1,120,683</u>	<u>119,261</u>

There are no fixed rate instruments (2016 - \$nil).

The Group does not have interest rate swap contracts. The Group has two interest bearing accounts from where it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in the two interest bearing accounts to maximise the available interest rates. The Group analyses its interest rate exposure when considering renewals of existing positions including alternative financing arrangements.

Sensitivity analysis

A change of 100 basis points in interest rates at the current and prior reporting date would have increased/(decreased) equity and loss for the period by an immaterial amount.

Currency risk

The Group is exposed to currency risk on bank account denominated in USD totalling \$16,926 at 30 June 2017 (2016 - US\$59,676) and equity investments in shares in the United States totalling US\$310,059 (2016 - US\$20,845). The Group's gross financial position exposure to foreign currency risk at balance date was US\$326,985 (2016 - US\$80,521).

Sensitivity analysis

A 10% strengthening of the Australian dollar against the United States dollar at 30 June 2017 would have decreased post-tax profit and net assets of the Group by \$38,637. A 10% weakening of the Australian dollar against the United States dollar at 30 June 2017 would have an increased post-tax profit and net assets of the Group by \$47,219, on the basis that all other variables remain constant.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Currency risk (Cont.)

Exchange rates applied:

	Reporting date spot rate	
	2017	2016
AUD/USD	0.7692	0.7451

Price risk

The Group is exposed to equity securities prices risk. This arises from investments held by the Group and classified in the balance sheet as available-for-sale.

The Group's investments are publicly traded on the Over-The-Counter-Market ('OTC market') in the USA.

The table below summarises the impact of increases/decreases of the bid price on the Group's post-tax profit for the year and on equity

	Impact on post-tax profit		Impact on Total equity	
	2017	2016	2017	2016
	\$	\$	\$	\$
Blox-Inc. - 10% bid price increase	-	-	40,309	2,798
Blox-Inc. - 10% bid price decrease	(40,309)	(2,798)	(40,309)	(2,798)

Capital management

Management aim to control the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Estimation of Fair Values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those instruments valued based on 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 - fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

Estimation of Fair Values (Cont.)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Available-for-sale financial assets				
30 June 2017	-	403,093	-	403,093
30 June 2016	-	27,976	-	27,976

All available for sale financial assets relate to investments held in quoted equity securities and were designated as available-for-sale financial assets.

22. CONTROLLED ENTITIES

Parent entity

Equus Mining Limited is an Australian incorporated company listed on the Australian Securities Exchange.

Wholly owned controlled entities	Country of incorporation	Ownership Interest	
		2017 %	2016 %
Hotrock Enterprises Pty Ltd (i)	Australia	100	100
Okore Mining Pty Ltd (ii)	Australia	100	100
Dataloop Pty Ltd	Australia	100	100
Equus Resources Pty Ltd (iii)	Australia	100	100
(i) Subsidiary of Hotrock Enterprises Pty Ltd			
Derrick Pty Ltd	Australia	100	100
Andean Coal Pty Ltd (iv)	Australia	100	100
(iv) Subsidiary of Andean Coal Pty Ltd			
Minera Carbones Del Sur Limitada	Chile	99.9	99.9
(ii) Subsidiary of Okore Mining Pty Ltd			
Leo Shield Exploration Ghana Ltd	Ghana	100	100
(iii) Subsidiary of Equus Resources Pty Ltd			
Equus Resources Chile SpA (v)	Chile	100	100
Minera Equus Chile Ltda	Chile	99.9	99.9
Southern Gold SpA	Chile	100	-
(v) Subsidiary of Equus Resources Chile SpA			
Minera Equus Chile Ltda	Chile	0.1	0.1

On 18 October 2016, Southern Gold SpA was incorporated to explore Los Domos Gold-Silver project in region XI southern Chile.

23. COMMITMENTS

Exploration expenditure commitments

The Group does not have any minimum expenditure commitments in relation to its mineral interests in the Magallanes Basin in southern Chile or at Los Domos Gold-Silver project at the date of this report. The Group's mineral interests in West Africa are subject to farm-in and joint venture agreements, under the terms of which the farm-in partners are responsible for the annual rates and rents relating to those properties.

For the Year Ended 30 June 2017

24. OPERATING SEGMENTS

The Group's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the year ended 30 June 2017, the Group operated in the mineral exploration within the geographical segments of Australia, Chile and Ghana. The oil exploration segment in the Kyrgyz Republic was discontinued during the year ended 30 June 2013 and JSC Sherik was disposed of on 17 March 2016. The Company holds shares in Blox Inc., a US over the counter traded company and has concluded that during the year ended 30 June 2017, to recognise the investment in Blox Inc., as a separate operating segment.

	Oil Exploration (discontinued) \$	Mineral Exploration \$	Investing \$	Total \$
30 June 2017				
External revenues	-	-	-	-
Reportable segment profit/(loss) before tax	-	(235,613)	39,325	(196,288)
Interest income	-	80	4,407	4,487
Interest expense	-	-	-	-
Depreciation	-	-	-	-
Other material non-cash items:				
Impairment of investment	-	-	-	-
Reportable segment assets	-	2,001,894	403,093	2,404,987
Reportable segment liabilities	-	153,478	-	153,478
30 June 2016				
External revenues	1,043	-	-	1,043
Reportable segment loss before tax	(2,977,730)	42,888	(163,017)	(3,097,859)
Interest income	-	60	3,510	3,570
Interest expense	-	-	-	-
Depreciation	-	(937)	-	(937)
Other material non-cash items:				
Impairment of investment	-	-	(174,515)	(174,515)
Reversal impairment plant and equipment	-	70,819	-	70,819
Reportable segment assets	-	1,617,432	27,976	1,645,408
Reportable segment liabilities	-	16,409	-	16,409

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

24. OPERATING SEGMENTS (Cont.)

Reconciliations of reportable segment revenues and profit or loss	2017	2016
	\$	\$
Revenues		
Total revenue for reportable segments	-	1,043
Elimination of discontinued operations disposed (Note 28)	-	(1,043)
Consolidated revenue	-	-
Profit or loss		
Total loss for reportable segments	(196,288)	(3,097,859)
Elimination of discontinued operations (Note 28)	-	2,977,730
Unallocated amounts:		
Proceeds from other income	-	3,517
Net other corporate expenses	(703,260)	(477,916)
Consolidated loss before tax from continuing operations	(899,548)	(594,528)
Assets		
Total assets for reportable segments	2,404,987	1,645,408
Unallocated corporate assets	1,138,429	122,276
Consolidated total assets	3,543,416	1,767,684
Liabilities		
Total liabilities for reportable segments	153,478	16,409
Unallocated corporate liabilities	213,551	419,095
Consolidated total liabilities	367,029	435,504

Geographical information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operations.

	2017		2016	
	Revenue \$	Non-current assets \$	Revenues \$	Non-current assets \$
Australia	-	-	-	-
All foreign locations				
– Kyrgyz Republic	-	-	1,043	-
– Ghana	-	-	-	-
– Chile	-	1,514,768	-	1,337,589
– United States of America	-	403,093	-	27,976

The geographical information excludes financial instruments in determining non-current assets.

25. SUBSEQUENT EVENTS

On 20 September 2017, the Company issued 6,974,618 ordinary shares through the exercise of options for cash totalling \$139,492.

No other matters or circumstances have arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

26. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2017 the parent entity of the Group was Equus Mining Limited.

	Company	
	2017	2016
	\$	\$
Result of the parent entity		
Net (loss)/profit	(1,213,686)	(1,449,415)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	<u>(1,213,686)</u>	<u>(1,449,415)</u>
Financial position of the parent entity at year end		
Current assets	1,138,429	122,276
Non-current assets	403,093	27,976
Total assets	<u>1,541,522</u>	<u>150,252</u>
Current liabilities	213,551	419,096
Non-current liabilities	-	-
Total liabilities	<u>213,551</u>	<u>419,096</u>
Net assets	<u>1,327,971</u>	<u>(268,844)</u>
Equity		
Share capital	110,921,315	108,545,219
Accumulated losses	(110,027,749)	(108,814,063)
Reserve	434,405	-
Total equity	<u>1,327,971</u>	<u>(268,844)</u>

The Directors are of the opinion that no commitments or contingent liabilities existed at, or subsequent to year end.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

27. ASSETS HELD FOR SALE

The Naltagua property held in the Republic of Chile was sold during the year ended 30 June 2016 following Group management's decision to sell the property.

A Sale and Purchase Agreement was executed during June 2016. The consideration under the agreement was for CLP\$38 million (AUD\$76,889). This asset was classified as assets held for sale at 30 June 2016.

	2017	2016
	\$	\$
As at 30 June assets held for sale comprised the following:		
Property, plant and equipment – Land	-	70,819

During the year ended 30 June 2016, the Group determined to reverse \$70,819 of the impairment processed during 2014 for the Naltagua property.

28. DISCONTINUED OPERATIONS

In September 2012 the Group committed to discontinue its oil exploration segment. On 6 February 2015 the Group sold the segment fixed assets and consumables for US\$700,000. On 17 March 2016 the Group sold its 100% interest in JSC Sherik for consideration of KGS100,000 (AUD\$2,000).

	2017	2016
	\$	\$
Results of discontinued operation		
Revenue	-	1,043
Other income	-	113,410
Expenses	-	(115,684)
Results from operating activities	-	(1,231)
Income tax expense	-	-
Results from operating activities, net of income tax	-	(1,231)
Loss on sale of discontinued operation (including transfer of foreign currency translation reserve to profit or loss)	-	(2,976,499)
Impairment of assets held for sale	-	-
Income tax on loss on sale of discontinued operation	-	-
Loss for the year	-	(2,977,730)
Basic and diluted loss per share	-	(0.007)
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	-	(96,182)
Net cash from investing activities	-	1,043
Net cash from financing activities	-	-
Net cash flows for the year	-	(95,139)

1. In the opinion of the Directors of Equus Mining Limited (the 'Company'):
 - (a) the consolidated financial statements and notes thereto, set out on pages 18 to 48, and the Remuneration Report as set out on pages 13 to 16 of the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards 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.
2. The Directors have been given the declarations required under section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.
3. The Director's draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 25th day of September 2017 in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Director



Edward J. Leschke
Director



Independent Auditor's Report

To the Directors of Equus Mining Limited

Report on the audit of the Financial Report

Opinion

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

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2017;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- *Directors' Declaration*.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Material uncertainty related to going concern

We draw attention to Note 2(d), "Going Concern" in the financial report. The conditions disclosed in Note 2(d), indicate a material uncertainty exists that may cast 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 financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
 - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group;
- Assessing significant non-routine forecast cash inflows and outflows including the expected impact of planned capital raisings for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty;
- Reading Directors minutes and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional shareholder funds, and assess the level of associated uncertainty.

Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.



Exploration and evaluation expenditure (\$1,897,038)

Refer to Note 11 to the Financial Report

The key audit matter

Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to:

- the significance of the activity to the Group's business and the balance (being 54% of total assets); and
- the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular the conditions allowing capitalisation of relevant expenditure and subsequent requirements that must be complied with for capitalized expenditure to continue to be carried as an asset. The compliance with these requirements necessitates a detailed analysis by the Group of the value of E&E, and therefore gives criticality to the scope and depth of our work. We involved senior team members to challenge the Group's determination of compliance with the standard.

In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:

- the determination of the areas of interest;
- documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest with additional complexity arising from the rights held overseas and the Group's intention and capacity to continue the relevant E&E activities;
- whether expenditure meets the capitalisation carry forward conditions of AASB 6, including assessing the Group's determination of whether the E&E are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

How the matter was addressed in our audit

Our audit procedures included:

- Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard;
- We assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those for consistency with documentation such as license related technical conditions, contractual agreements, and planned work programmes;
- For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license to government registries or government correspondence and evaluating agreements in place with other parties. We also tested for compliance with conditions;
- We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard;
- We evaluated Group documents, such as minutes of Board meetings, for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel;
- We analysed the Group's activities in each area of interest, and assessed the Group's documentation of planned future activities including work programmes and project budgets for each area of interest to determine whether carry forward conditions of AASB 6 have been satisfied;

We assessed each area of interest for one or more of the indicators of impairment for areas of interest that may indicate the carrying value of capitalised expenditure exceeds its recoverable amount. We did this through testing the status of the Group's.



<ul style="list-style-type: none"> • assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for certain areas of interest where significant capitalised E&E exists. In addition to the assessments above, we paid particular attention to: <ul style="list-style-type: none"> ○ licences for the right to explore that are expiring in the near future or are not expected to be renewed; ○ compliance with requirements of contracts granting a right to tenure over an area of interest for which licences are not directly held by the Group; ○ substantive expenditure for further exploration in the area of interest is neither budgeted nor planned; ○ decision or intent by the Group to discontinue activities in the specific area due to lack of commercially viable quantities of resources; and ○ if available, data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration of assets is unlikely to be recovered in full from successful development or sale. 	<p>tenure and documented planned future activities, considering the results of exploration programmes completed to date, and discussion with management.</p>
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Other Information

Other Information is financial and non-financial information in Equus Mining Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the 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 a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Equus Mining Limited for the year ended 30 June 2017, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in *pages 13 to 16* of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A handwritten signature of the KPMG representative, written in blue ink, appearing as 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'Adam Twemlow'.

Adam Twemlow

Partner

Brisbane

25 September 2017

Additional Stock Exchange Information

Additional information as at 31 August 2017 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Home Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

Audit Committee

As at the date of the Directors' Report, an audit committee of the Board of Directors is not considered warranted due to the composition of the Board and the size, organisational complexity and scope of operations of the Group.

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion, which the amount paid up bears to the issue price for the share.

Distribution of Shareholders

The total distribution of fully paid shareholders as at 31 August 2017 was as follows:

Range	Total Shareholders	Total Number of Shares
1 – 1,000	274	129,809
1,001 – 5,000	325	936,612
5,001 – 10,000	312	2,828,269
10,001 – 100,000	704	23,869,033
100,001 and over	388	640,442,704
Total	2003	668,206,427

Less than Marketable Parcels

On 31 August 2017, 1,001 shareholders held less than marketable parcels of 12,500 shares.

On Market Buy Back

There is no current on-market buy-back.

Substantial Holders

The name of the substantial shareholders in Equus Mining Limited as advised to the Company are set out below.

	Number of Ordinary Shares
Norm Seckold	61,877,420
Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	54,668,862
Augusta Enterprises Pty Ltd	33,619,471
Mark Lochtenberg <The Rigi Super Fund A/C>	27,306,727

Twenty Largest Shareholders

As at 31 August 2017, the twenty largest quoted shareholders held 52.05% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C>	42,220,000	6.32
2	Permgold Pty Ltd	41,877,420	6.27
3	Augusta Enterprises Pty Ltd	33,619,471	5.03
4	Mark Hamish Lochtenberg & Michael Lochtenberg <The Rigi Super Fund A/C>	27,306,727	4.09
5	JP Morgan Nominees Australia Limited	21,407,437	3.20
6	Altinova Nominees Pty Ltd	20,000,000	2.99
7	HSBC Custody Nominees (Australia) Limited – A/C 2	18,567,768	2.78
8	Peter John Bartter	18,500,000	2.77
9	Sambas Energy Pty Ltd	16,000,000	2.39
10	John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C>	15,010,000	2.25
11	Cynthia Wardman	15,000,000	2.24
12	Ringwood Management Pty Limited <Ringwood Super Fund A/C>	13,929,969	2.08
13	Rosignol Pty Ltd <Nightingale Family A/C>	12,500,000	1.87
14	Northcliffe Holdings Pty Ltd < Northcliffe Holdings A/C>	12,000,000	1.80
15	BT Portfolio Services Limited <Warrell Holdings S/F A/C>	9,140,968	1.37
16	DRYCA Pty Ltd <DRYC Employees Ret/F A/C>	7,000,000	1.05
17	James Christopher Toscan <Ringwood Property PNT>	6,500,000	0.97
18	John Desmond Martin	6,500,000	0.97
19	Berkshire Nominees Pty Ltd <Berkshire Family A/C>	5,711,281	0.85
20	John Wardman & Mrs Lesley Jean Wardman	5,000,000	0.75

The number of holders in each class of securities

As at 31 August 2017, the numbers of holders in each class of securities on issue were as follows:

Type of security	Number of holders	Number of securities
Ordinary shares	2,003	668,206,427
Unlisted options	1	8,718,273

Substantial Optionholders in the Company

The Company provides the names of the holders of 20% or more options in these unquoted securities below:

	Number of options held	% of Options Held
Bell Potter Nominees Ltd	8,718,273	100.00%

Additional Stock Exchange Information

Escrow securities

As at 31 August 2017, there were escrow securities.

Group Mineral Concession Interests at 31 August 2017

The Company provides the following information regarding its mining tenements:

Project	Location	Tenement	Ownership	% interest	Type of Tenement
Mina Rica	Chile	Mina Rica 12	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 15	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 16	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 19	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 20	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 23	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 26	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 29	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 30	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 31	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 32	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 33	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 34	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 35	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 36	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 37	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 38	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 39	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 40	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 41	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 42	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 43	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 44	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 45	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 46	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Mina Rica 47	Minera Carbones Del Sur Limitada	100	Exploration
Chile	Brunswick 3A	Minera Carbones Del Sur Limitada	100	Exploration	
Chile	Brunswick 4A	Minera Carbones Del Sur Limitada	100	Exploration	
Rubens	Chile	Glo 1	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 2	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 3	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 4	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 5	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 6	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 7	Minera Carbones Del Sur Limitada	100	Exploration
	Chile	Glo 8	Minera Carbones Del Sur Limitada	100	Exploration

Additional Stock Exchange Information

Project	Location	Tenement	Ownership	% interest	Type of Tenement
Los Domos	Chile	Electrum 1A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 2A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 3A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 4A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 5A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 6A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 7A	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 8	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 9	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 10	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 11	Terrane Minerals SpA	–	Exploration
	Chile	Electrum 12A	Terrane Minerals SpA	–	Exploration
	Chile	Pedregoso I	Patagonia Gold SC.	–	Mining Concession
	Chile	Pedregoso VIII	Patagonia Gold SC.	–	Mining Concession
	Chile	Honda 20	Patagonia Gold SC.	–	Mining Concession

The Company's wholly owned subsidiary, Southern Gold SpA has an option to acquire 100% of the Los Domos gold-silver project. The Company is earning a 51% interest in the project through the drilling program of 2,000 metres.

As part of Los Domos gold-silver project, Terrane Mineral SpA has an option to acquire 100% of the Mining Concessions from Patagonia Gold SC.

Mining interest in African countries

Concession name	Location	Registered Holder	File Number / Licence Type	Equus equity interest	Concession Type
Osenase	Ghana ¹	Osenase Prospecting Licence	Equus Mining 90%	N/A	Exploration
Asamankese	Ghana ¹	Asamankese Prospecting Licence	Equus Mining 90%	N/A	Exploration
Pramkese	Ghana ¹	Pramkese Prospecting Licence	Equus Mining 90%	N/A	Exploration
Kwatechi	Ghana ¹	Kwatechi PL3/64 Prospecting Licence	Equus Mining 0%	7% ²	Exploration

¹ The governments of African countries in which the Company holds minerals interests are entitled to equity in mining companies owning projects as follows – Ghana 10% and Guinea 15%. Equus's quoted equity is after allowance for that national interest, which occurs when a new project company is established prior to commencement of mining.

² Perseus Mining Limited, the current holder of a 16% interest, has the right to earn a further 60% interest in the Kwatechi property by funding the development of the project to profitable production. In that case, the Company and a local joint venture partner will each retain a 7% interest which is convertible to a 1.25% net smelter royalty at the option of those parties within 30 days of completion of a feasibility study.



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened at Level 5, 56 Pitt Street, Sydney, NSW, 2000 on 30 November 2017 at 2.30 pm Eastern Daylight Saving Time (EDST).

AGENDA

ORDINARY BUSINESS

Financial Statements

To receive and consider the Company's Annual Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2017.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

Resolution 1 Adoption of the Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an **advisory resolution** the following:

'That the Remuneration Report for the year ended 30 June 2017 be and is hereby adopted.'

Resolution 2 Re-election of Mr. Robert Yeates as a Director

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That Robert A. Yeates having retired in accordance with the Company's Constitution and the Listing Rules, and being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.'

Resolution 3 Ratification of 43,487,309 Shares - Listing Rule 7.4

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders hereby ratify and approve the issue and allotment of 43,487,309 fully paid ordinary shares issued under Listing Rule 7.1A on 27 March 2017, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Resolution 4 Ratification of 64,549,828 Shares - Listing Rule 7.4

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders hereby ratify and approve the issue and allotment of 64,549,828 fully paid ordinary shares issued under Listing Rule 7.1 on 27 October 2017, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Equus Mining Limited ABN 44 065 212 679

Level 2, 66 Hunter Street, Sydney NSW 2000, Australia T +61 2 9300 3366 F +61 2 9221 6333
E: info@equusmining.com W: www.equusmining.com

Resolution 5 Approval of the Proposed Issue of Shares to Mark Lochtenberg

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 4,054,054 Shares to a director, Mr Mark Lochtenberg and/or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Resolution 6 Approval of the Proposed Issue of Shares to Robert Yeates

To consider and, if thought fit, to pass with or without amendment, as an **ordinary resolution** the following:

'That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 500,000 Shares to a director, Mr Robert Yeates and/or his nominee, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'

Resolution 7 Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a **special resolution** the following:

"That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) on the terms and conditions set out in the Explanatory Memorandum."

To transact any other business that may be brought forward in accordance with the Company's Constitution.

By order of the Board
Marcelo Mora
Company Secretary

30 October 2017

pjn9113

Explanatory Memorandum to the Notice of Annual General Meeting

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members at the Annual General Meeting to be held at Level 5, 56 Pitt Street, Sydney, NSW, on Thursday, 30 November 2017 at 2.30 pm Eastern Daylight Saving Time (EDST).

Financial Report

The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2017 will be laid before the meeting. There is no requirement for shareholders to approve these reports, however, the Chair of the meeting will allow a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

Resolution 1 Adoption of Remuneration Report

The Remuneration Report, which forms part of the Directors' Report in the Company's 2017 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to Directors.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. The resolution is advisory only and does not bind the Directors or the Company.

Shareholders will be given a reasonable opportunity at the meeting to comment on and ask questions about the Company's Remuneration Report.

The Chair intends to exercise all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention.

Voting Exclusion Statement

A vote on the resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- a member of the key management personnel details of whose remuneration are included in the remuneration report;
- a close related party of such a member.

However such a person may cast a vote on the resolution if:

- the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of such a person.

The Directors recommend that you vote IN FAVOUR of this advisory Resolution 1.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 1.

Resolution 2 Re-election of Mr. Robert Yeates as a Director

In accordance with Article 3.6 of the Company's Constitution and the Corporations Act, Robert Yeates who retires by rotation and, being eligible, offers himself for re-election.

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

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

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 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 since 2016 he has been a director of Watagan Mining Ltd.

The Directors recommend that you vote IN FAVOUR of Resolution 2.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 2.

Resolution 3 to 4 Ratification of Prior Issue of Securities - Listing Rule 7.4

Resolution 3 to 4 seeks the approval of Shareholders of the prior issues of ordinary shares that have occurred in the 12 months prior to the date of this Notice that have not already been approved by Shareholders for the purposes of Listing Rule 7.4.

Under Listing Rule 7.4, an issue of Securities under Listing Rule 7.1 and 7.1A will be treated as having been made with the approval of Shareholders if the issue did not breach the Listing Rules and Shareholders subsequently approve the issue of the Securities. The Company confirms that the issue of the Placement Shares did not breach Listing Rule 7.1 and 7.1A.

The Company is now seeking Shareholders ratification for the purposes of ASX Listing Rules 7.4. This ratification will provide the Company with the ability to raise further funds, if required, will maximise the flexibility of the Company's funds management and will facilitate planning for the Company's ongoing activities.

Details of the issue, as required by ASX Listing Rule 7.5 are as follows:

By way of background, the Company has issued the following Shares under the Company's 15% (LR 7.1) and 10% (LR 7.1A) placement capacity. All shares issued rank equally with all other existing Shares.

- (a) As announced on 27 March 2017, pursuant to its then available listing rule 7.1A capacity, the Company issued 43,487,309 Shares at \$0.012 per share to professional and sophisticated investors (none of whom were related parties of the Company), the proceeds of which were used in the initial stage of the 2,000 metres drilling program at Los Domos Gold-Silver project in Chile and for general working capital purposes.
- (b) As announced on 27 October 2017, pursuant to its then available listing rule 7.1 capacity, the Company issued 64,549,828 Shares at \$0.037 per share to professional and sophisticated investors (none of whom were related parties of the Company), the proceeds of which will be used to promptly commence a planned minimum 7,500m drilling program to test those high priority targets that could not be tested during the winter months; extensional step out drilling both along strike and at depth of previously tested targets and for working capital purposes.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolutions by a person who participated in the placement and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

The Directors recommend that you vote IN FAVOUR of Resolutions 3 and 4.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 3 and 4.

Resolution 5 to 6 Approval of Directors Participation in Tranche 2 Placement

Resolutions 5 and 6 seeks the approval by shareholders of the issue and allotment of 4,554,054 fully paid ordinary shares in the Company as soon as practicable after the date of this Annual General Meeting, and in any event, within 1 month of the date of this Annual General Meeting for the purposes of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

This proposed issue, which was announced to the ASX on 18 October 2017 and in conjunction with the placement as announced to the asx on 27 October 2017, will provide funding to continue with the drilling program at the Los Domos Gold-Silver project in Chile which started during the quarter ended 30 June 2017.

Shareholder approval is required in accordance with Listing Rule 10.11 and Section 228 of the Corporations Act because Directors and former Directors of the Company that ceased to be directors in the last 6 months prior to this notice of meeting are related parties. If approved, the shares are issue on the same terms and conditions as the placement announced on 27 October 2017.

Furthermore, Shareholder approval of the issue placement to the Directors means that these issues will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Details of the issue, as required by ASX Listing Rule 7.1 and 10.11 are as follows:

- Number of securities to be allotted: 4,554,054.
- Issue price: \$0.037 per share.
- Terms: Fully paid ordinary shares ranking pari passu with existing ordinary shares.
- Names of allottees: Mark Lochtenberg or his nominee 4,054,054 ordinary shares; and Robert Yeates or his nominee 500,000 ordinary shares.
- Allotment date: Within one month of the date of this Annual General Meeting.
- Intended use of funds: To promptly commence a planned minimum 7,500m drilling program to test those high priority targets that could not be tested during the winter months; extensional step out drilling both along strike and at depth of previously tested targets and for working capital purposes

Voting Exclusion Statement

The Company will disregard any votes cast on Resolutions 5 by Mark Lochtenberg or his nominee and Resolution 6 by Robert Yeates or his nominee and any of their associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors recommend that you vote IN FAVOUR of Resolutions 5 and 6.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolutions 5 and 6.

Resolution 7 Approval of 10% Placement Facility

ASX Listing Rule 7.1A enables the Company to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the AGM ('10% Placement Facility'). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 7, which is a Special Resolution requiring 75% of votes cast to be in favour of the resolution, seeks shareholder approval for the Company to have the ability to issue equity securities under the 10% Placement Facility on the following terms:

(a) Placement Period

Shareholder approval of the 10% Placement Facility is valid from the date of the AGM and expires on the earlier of:

- (i) the date that is 12 months after the date of the AGM; or
- (ii) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(b) Equity Securities

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company which, in the Company's case, are fully paid ordinary shares.

(c) Formula for calculating 10% Placement Facility

The maximum number of shares that can be issued under the 10% Placement Facility is calculated as follows:

$$(A \times D) - E$$

Where: *A* is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (iv) less the number of fully paid shares cancelled in the 12 months.

D is 10%.

E is the number of fully paid ordinary shares issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

The current maximum number of shares, as at the date of this meeting, that can be issued under the 10% Placement Facility is 19,682,064. The Company's current capacity to issue securities as at the date of the meeting pursuant to listing rule 7.1 is 30,204,232.

(d) Minimum Issue Price

The minimum issue price of equity securities issued for the purpose of Listing Rule 7.1.A.3 must be not less than 75% of the volume weighted average price of equity securities in the same class calculated over the 15 trading days on which trades were recorded immediately before:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

(e) Risk of Economic and Voting Dilution

If Resolution 7 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing shareholders' voting power in the Company will be diluted as shown in the table below. Further, there is a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the AGM; and
- (ii) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date.

Because Variable A in the formula for calculating 10% Placement Facility, and consequently the number of shares that can be issued under the 10% Placement Facility, can change during the Placement Period, the table below shows a matrix of scenarios of the potential dilution of existing shareholders as at the date of the AGM on the basis of:

- (i) the issue price of equity securities being the current approximate market price of fully paid ordinary shares, plus 50% and minus 50%; and
- (ii) the maximum number of shares that can be issued under the 10% Placement Facility in accordance with the definition of Variable A in the formula for calculating 10% Placement Facility increasing by 50% and 100%.

Variable A in 10% Placement Facility under ASX Listing Rule 7.1A.2	Voting Dilution and Placement Facility Capacity	Issue Price and Funds Raised		
		50% Decrease in Current Approximate Market Price \$0.021	Current Approximate Market Price \$0.042	50% Increase in Current Approximate Market Price \$0.063
Current Variable A 631,693,736 shares	8.6% 63,169,374 Shares	\$1,326,557	\$2,653,114	\$3,979,671
50% increase in current Variable A 947,540,604 shares	12.3% 94,754,060 Shares	\$1,989,835	\$3,979,671	\$5,969,506
100% increase in current Variable A 1,263,387,472 shares	15.8% 126,338,747 shares	\$2,653,114	\$5,306,227	\$7,959,341

As an example, if Variable A is increased to 1,263,387,472 shares, the 10% Placement Facility capacity is 126,338,747 shares and therefore the dilution of existing shares as at the date of the AGM, being 739,730,873 shares, is calculated as:

$$126,338,747 \div (739,730,873 + 126,338,747) = 14.58\%$$

(f) Other Matters

The Company may issue equity securities under the 10% Placement Facility for cash consideration to support the Company's ongoing exploration activities and working capital or non-cash consideration for the acquisition of compatible business opportunities which may arise. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. As there is no issue currently proposed, the identity of the allottees is not currently known and will be determined on a case-by-case basis at the time of allotment, having regard to factors including, but not limited to, the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;

(ii) the effect of the issue of the equity securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not currently been determined but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company.

The Company obtained shareholder approval under ASX Listing Rule 7.1A at its 2016 Annual General Meeting. The Company issued 204,857,779 ordinary fully paid shares during the 12 months preceding the date of this Annual General Meeting which based on the number of Equity Securities on issue at the commencement of that period represents 38.30% of the Company's Equity Securities.

Information relating to the issue of Equity Securities in the preceding 12 months is as follows:

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of the terms of that class	Names of recipients or basis on which recipients were determined	Issue price of Equity Securities and discount to closing market price on the trading day prior to the issue	If issued for cash - the total consideration, what it was spent on and the intended use of any remaining funds
					If issued for non-cash consideration - a description of the consideration and the current value of consideration
27/3/2017	43,487,309	Fully paid ordinary shares	To professional and sophisticated investors who participated in the placement the subject of the announcement dated 27/3/2017.	Issue Price was \$0.012 and the closing price on the previous trading day was \$0.013.	\$521,848 was raised and was used to fund a 2,000 metre drilling program at the Los Domos Gold-Silver project and for working capital purposes.
3/5/2017	89,846,024	Fully paid ordinary shares	Pursuant to shareholder approval obtained on 28 April 2017, 83,846,024 shares were issued to professional and sophisticated investors and 6,000,000 shares to the Directors of the Company who participated in the placement the subject of the announcement dated 3/5/2017.	Issue price was \$0.012 and closing price on the previous trading day was \$0.014.	\$1,078,152 was raised and was used to fund a 2,000 metre drilling program at the Los Domos Gold-Silver project and for working capital purposes.

20/9/2017	6,974,618	Fully paid ordinary shares	R&C Australia Pty Ltd.	Issue price was \$0.02 and closing price on the previous trading day was \$0.042	\$139,492 was raised on the exercise of 6,974,618 unlisted options at \$0.02 each. The funds raised were used to fund a 2,000 metre drilling program at the Los Domos Gold-Silver project and for working capital purposes.
27/10/2017	64,549,828	Fully paid ordinary shares	To professional and sophisticated investors who participated in the placement the subject of the announcement dated 27/10/2017.	Issue price was \$0.037 and closing price on the previous trading day was \$.040.	\$2,388,343 was raised and the funds will be used to promptly commence a planned minimum 7,500m drilling program to test those high priority targets that could not be tested during the winter months; extensional step out drilling both along strike and at depth of previously tested targets and for working capital purposes.

Voting Exclusion:

The Company will disregard any votes cast on Resolution 7 by:

- a person who may participate in the proposed issue; and
- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any such associates of that person.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Directors recommend that you vote IN FAVOUR of Resolution 7.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 7.

FORM OF PROXY

Sub-Register	ISSUER
HIN/SRN	

I/we
of
being a member/members of Equus Mining Limited HEREBY APPOINT

the Chair of the Meeting (mark box)

OR if you are not appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Equus Mining Limited to be held at Level 5, 56 Pitt Street, Sydney, NSW, 2000 on Thursday 30 November 2017 at 2.30 pm (AEDT) and at any adjournment or postponement of that Meeting.

The Chair of the Meeting is authorised to exercise undirected proxies on remuneration related matter (Resolution 1): If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default, by signing and submitting this form I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 1 (except where I/we have indicated a different voting intention above) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel for Equus Mining Limited, which includes the Chair.

The Chair of the Meeting intends to vote all undirected proxies in favour of each resolution (including Resolution 1). If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), and you wish to give the Chair specific voting directions on an item, you should mark the appropriate box/es opposite those resolutions below (directing the Chair to vote for, against or to abstain from voting).

If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr. Robert Yeates as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of 43,487,309 Shares - Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of 64,549,828 Shares- Listing Rule 7.4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of the Proposed Issue of Shares to Mark Lochtenberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of the Proposed Issue of Shares to Robert Yeates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Securityholder(s) *This section must be completed.*

Dated this day of 2017

Signatures of Securityholder(s)

Individual or Securityholder 1

Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director

PROXY INSTRUCTIONS

1. Appointment of a Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

2. Appointment of a Second Proxy

A member entitled to attend and vote and is entitled to appoint not more than 2 proxies to attend the meeting and vote on a poll.

Where more than 1 proxy is appointed, each proxy must be appointment to represent a specified proportion of the member's voting rights. If you appoint 2 proxies and the appointment does not specify the proportion or number of your votes the proxy may exercise, each proxy may exercise half of the votes.

A proxy need not be a member.

This Proxy form (and the original or certified copy of any power of attorney under which this proxy form is signed) must be received at an address given below no later than 48 hours before the time appointed for holding the meeting:

3. Voting

The vote on the resolutions will be decided on a show of hands unless a poll is demanded. On a show of hands, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote. Upon a poll, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote for each Share held by that shareholder.

4. Signing Instructions

All joint holders must sign.

Where the company has a Sole Director and Company Secretary, that person must sign. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

All executors of deceased estates must sign.

5. Persons entitle to attend and vote

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Company's shares quoted on the ASX Limited at 7.00 pm Sydney time on 28 November 2017 are taken, for the purposes of the Annual General Meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

6. Corporate Representatives

If a representative of the corporation is to attend the meeting. The representative must bring to the Annual General Meeting evidence of his or her appointment, including any authority under which it was signed in accordance with section 253B of the Corporations Act 2001.

- in person or by mail at the Company's registered office, Level 2, 66 Hunter Street, Sydney, NSW 2000 Australia; or
- by facsimile on +61 2 9221 6333.