



EQUUS
MINING LIMITED

ABN 44 065 212 679

23 October 2020

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(87 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 2020 and the Company's Notice of Annual General Meeting to be held at 11 am on 25 November 2020.

Yours sincerely

Marcelo Mora
Company Secretary

pjn10541



EQUUS MINING LIMITED
and its controlled entities

ABN 44 065 212 679

Annual Report 2020



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Directors

| | |
|------------------|--|
| Mark Lochtenberg | Non-Executive Chairman |
| John Braham | Managing Director |
| Damien Koerber | Executive Director – Chief Operating Officer |
| Robert Yeates | Non-Executive Director |

Company Secretary

Marcelo Mora

Principal Place of Business and Registered Office

Level 2
66 Hunter Street
Sydney NSW 2000
Australia
Telephone: (61 2) 9300 3366
Facsimile: (61 2) 9221 6333
Email address: info@equusmining.com
Web site: www.equusmining.com

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands, Western Australia 6009
Telephone: (61 8) 9389 8033
Facsimile: (61 8) 9262 3723

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 and Managing Director's Letter

Dear fellow shareholders, it gives us great pleasure to present the 2020 Annual Report for Equus Mining Limited (ASX:EQE) (Equus or Company).



Late last year the Company signed an option agreement with Mandalay Resources to acquire the Cerro Bayo Mine district and plant infrastructure in Southern Chile. The option agreement means Equus has up to three years to finalise the acquisition, and the flexibility to take over the project at any time.

In a world with low interest rates and strong investor appetite for commodities, the Company's focus for 2020 is clear - entering the burgeoning precious metals super-cycle as a gold-silver producer in our own right.

The Company is well placed to achieve this goal with the option agreement including the Cerro Bayo processing plant, which has a daily capacity of 1,500 tonnes, producing approximately 31 tonnes of high grade gold-silver concentrate in a simple two-step crushing, grinding, and flotation process.

The plant, which has produced about 600,000oz of gold and 45 million ounces of silver since 1995, has been on care and maintenance since mid-2017. The Company was further buoyed by the news that Mandalay plans to commence processing of low-grade stockpiles by early 2021 at an initial rate of 40,000 tonnes per month.

To achieve a production re-start, the Company has begun the process of delineating the potential initial resources. Management have been executing a dual-track development strategy to methodically uncover new ounces within walking distance of the Cerro Bayo plant, combined with a review of historical data and new drilling at the historically mined Taitao Pit.

To this end, the exploration that has taken place, combined with the historical data review will be used to complete a JORC compliant Mineral Resource Estimate, due in fourth quarter of 2020, which will underpin the mine re-start study which will likely be finished in Q1 2021.

On the exploration front it was exciting to see the dual-track strategy deliver strong results, with a standout drill intersection at the greenfields Droughtmaster Prospect returning 3.81m at 20.4 g/t gold and 55.5 g/t silver. Results at Droughtmaster to date confirm the area's potential and are interpreted to relate to the upper portions of a wide, large-scale epithermal gold system. The Company is already planning further drilling at Droughtmaster, with a second phase of 2,500m follow-up drilling planned.



During the period, the Company also undertook drilling programs beneath the historic Taitao Pit, with 1,385m of diamond drilling at NE and Central Taitao, better results included: 19m at 1.26 g/t gold and 10.0 g/t silver from 68.5m.

Taitao was mined between 1995 to mid-2000, when the gold price averaged ~US\$300/oz and silver ~US\$5/oz. The current price for gold, circa US\$1,700/oz (+580%), and silver, circa US\$17.50/oz (+250%) present the opportunity for Equus to become a significant and profitable producer in a world class gold-silver epithermal district.

It has been pleasing to watch the significant development in the Company's strategy and we firmly believe Cerro Bayo represents one of the most advanced gold-silver projects on the ASX. With resource and re-start studies currently being completed, considering the close proximity to the processing plant, the next six months of activity have the potential to deliver significant value for shareholders as we look to become a profitable near-term gold and silver producer.

We are greatly appreciative of your support throughout 2019-20 and believe that the company will continue to increase value for shareholders over the upcoming year. We also thank our fellow board members and management as well as our in-country staff for all their efforts and success during the past year.

Yours Sincerely,

Mark H. Lochtenberg
Non-Executive Chairman

John Braham
Managing Director

THE CERRO BAYO PROJECT

In late June 2019, the Company announced it had executed an agreement with Mandalay Resources Corporation (TSX:MND, OTCQB: MNDJF) for a 3-year option to acquire all the mining properties resources and mine infrastructure at Mandalay's Cerro Bayo project in Southern Chile¹. The 3-year option agreement is comprised of an initial 18-month period commencing June 2020 to January 2022, with an 18-month extension from January 2022 until June 2023 on agreement with Mandalay².

At any time during the option period, the Company can exercise its option to acquire all the mining properties, resources and mine infrastructure at Cerro

Bayo including the 1,500 tpd processing plant, which is currently on care and maintenance.

The Cerro Bayo Project lies within a premier world class epithermal silver-gold district in southern Chile (Figures 1, 2), centred approximately ~10km west of the township of Chile Chico. Throughout the 295km² Cerro Bayo mining property there are 9 historical mines located within 15km of the Cerro Bayo 1,500 tpd flotation processing plant for which historical production to date totals approximately 0.65Moz Au and 45Moz Ag between 1995-2017³.

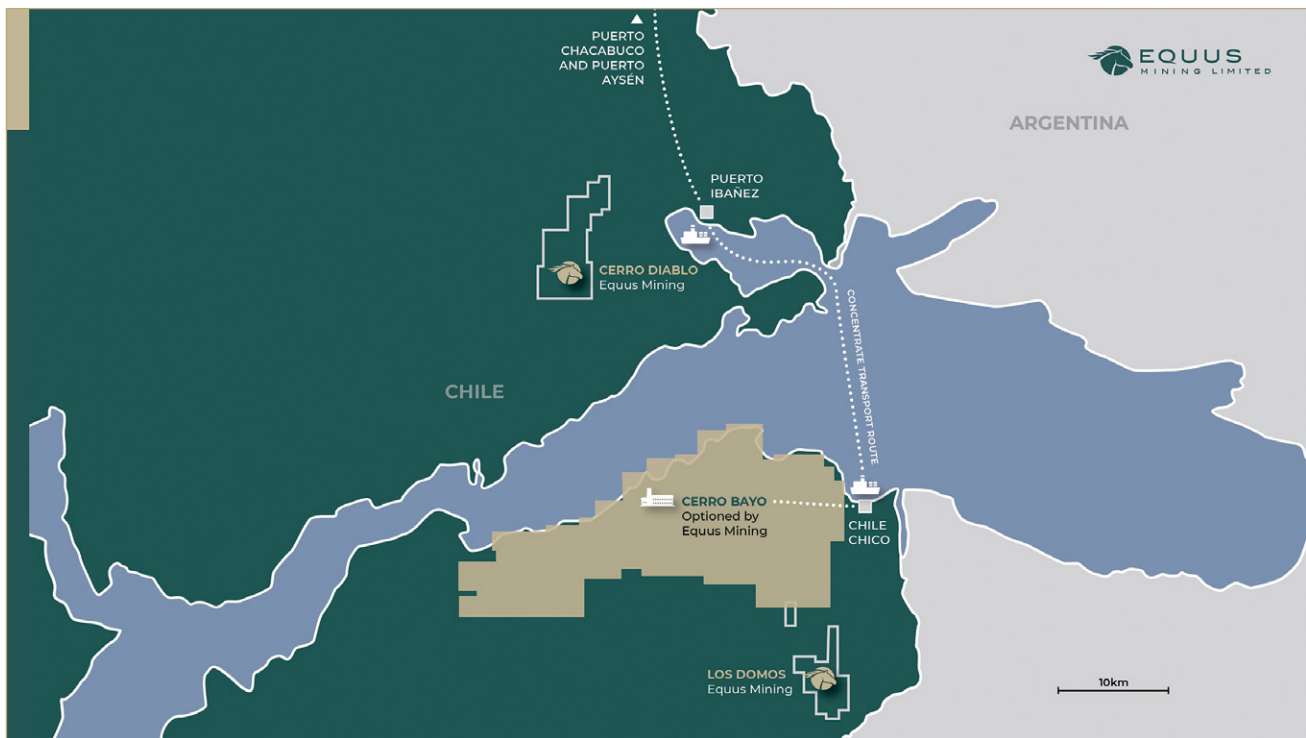


Figure 1 – Cerro Bayo Claim Regional Location

¹ ASX Announcement – EQUUS EXECUTES AGREEMENT TO EXPLORE AND OPTION TO ACQUIRE MANDALAY RESOURCES CORPORATION'S CERRO BAYO MINING PROJECT <https://wsecure.weblink.com.au/pdf/EQE/02117478.pdf>
² ASX Announcement – BROAD ZONES OF SHALLOW GOLD-SILVER MINERALISATION CONFIRMED BENEATH TAITAO PIT AT CERRO BAYO <https://wsecure.weblink.com.au/pdf/EQE/02247975.pdf>
³ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699

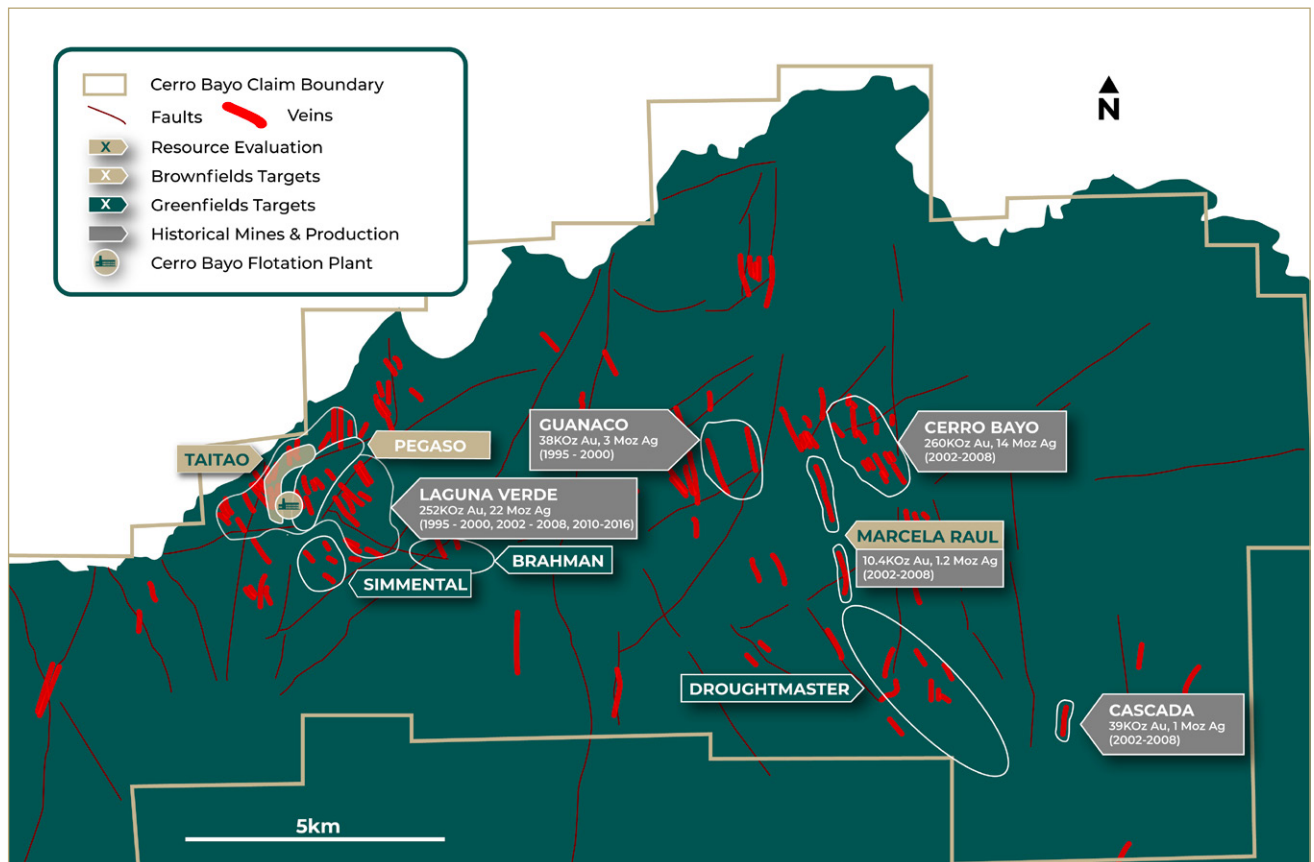


Figure 2 – Cerro Bayo Claim Area, with Brownfields/Greenfields targets, historical mines and interpreted geology including faults and veins

DEVELOPMENT STRATEGY

The Company is implementing a dual-track strategy of brownfields resource evaluation and Brownfields/Greenfields exploration to define sufficient resources to sustain a potential mine restart.

The Cerro Bayo claim area contains numerous historic mines including the Taitao Pit area and the Marcela Mine for which the latter hosts Remaining NI 43.101 compliant Measured and Indicated Resources of 21.8Koz gold at 2.53 g/t gold and 2.74 Moz silver at 318 g/t silver⁴.

The Taitao Pit was historically mined up to mid-2000 with the gold price circa US\$300/oz and silver US\$5/oz. The current gold price at circa US\$1,700/oz (+580%) and silver US\$17.50/oz (+250%)⁵, paired with potential operational efficiencies, highlights the compelling opportunity for Equus to become a profitable near-term gold-silver producer.

The Company is also reviewing other brownfields exploration targets along strike from previously partially mined vein systems within a 2.5km radius of the processing plant.

Post reporting period, the Company announced that Mandalay Resources planned to commence processing of low-grade stockpiles in early Q4 2020 at an initial rate of 40Kt per month⁶.

The results of this processing campaign will provide Equus with valuable insight on the plant in operation and its potential profitability, with valuable additional confirmatory data to be included in the re-start study.

⁴ Resource based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017

⁵ ASX Announcement – KITCO HISTORICAL GOLD PRICE CHART 2000-2020

⁶ ASX Announcement – DRILLING CONFIRMS BROAD ZONES OF SHALLOW MINERALISATION BELOW TAITAO PIT <https://wcsecure.weblink.com.au/pdf/EQE/02256113.pdf>

Review of Operations

Under Equus's potential re-start scenario, both the Taitao Open Pit and Marcela Mines are expected to provide initial supply 'feeder' ore to the Cerro Bayo processing plant, which has capacity to process 1,500 tonnes per day.

BROWNFIELDS DRILLING

In mid-April, the Company announced it had begun a drilling program at the Taitao Pit⁷, which currently comprises five contiguous, shallow open pits which extend over approximately 1.2km length and up to 260m wide. The Taitao Pit was historically mined to relatively shallow depths of approximately 35-45m (Figure 3, 4), which focused on narrow high-grade veining enveloped by bulk tonnage stockwork vein and hydrothermal breccia style mineralisation.

During April and May, the Company completed 1,385m of diamond drilling with results confirming shallow and broad mineralised zones⁸, potentially suitable for an 'open-pittable' production scenario.

The drilling, combined with 60,000m of historical surface and underground tunnel-based drilling data, will allow the Company to complete a JORC compliant Mineral Resource Estimate (MRE) to form the basis of a mine-restart study.



Figure 3 – Cerro Bayo Project - Diamond Drilling within the historic Taitao Pit

⁷ ASX Announcement – SHALLOW HIGH-GRADE GOLD-SILVER DRILL RESULTS FROM DROUGHT MASTER PROSPECT AND COMMENCEMENT OF DRILLING AT TAITAO PIT

<https://wcsecure.weblink.com.au/pdf/EQE/02225391.pdf>

⁸ ASX Announcement – BROAD ZONES OF SHALLOW GOLD-SILVER MINERALISATION CONFIRMED BENEATH TAITAO PIT AT CERRO BAYO

<https://wcsecure.weblink.com.au/pdf/EQE/02247975.pdf>

ASX Announcement – DRILLING CONFIRMS BROAD ZONES OF SHALLOW MINERALISATION BELOW TAITAO PIT

<https://wcsecure.weblink.com.au/pdf/EQE/02256113.pdf>

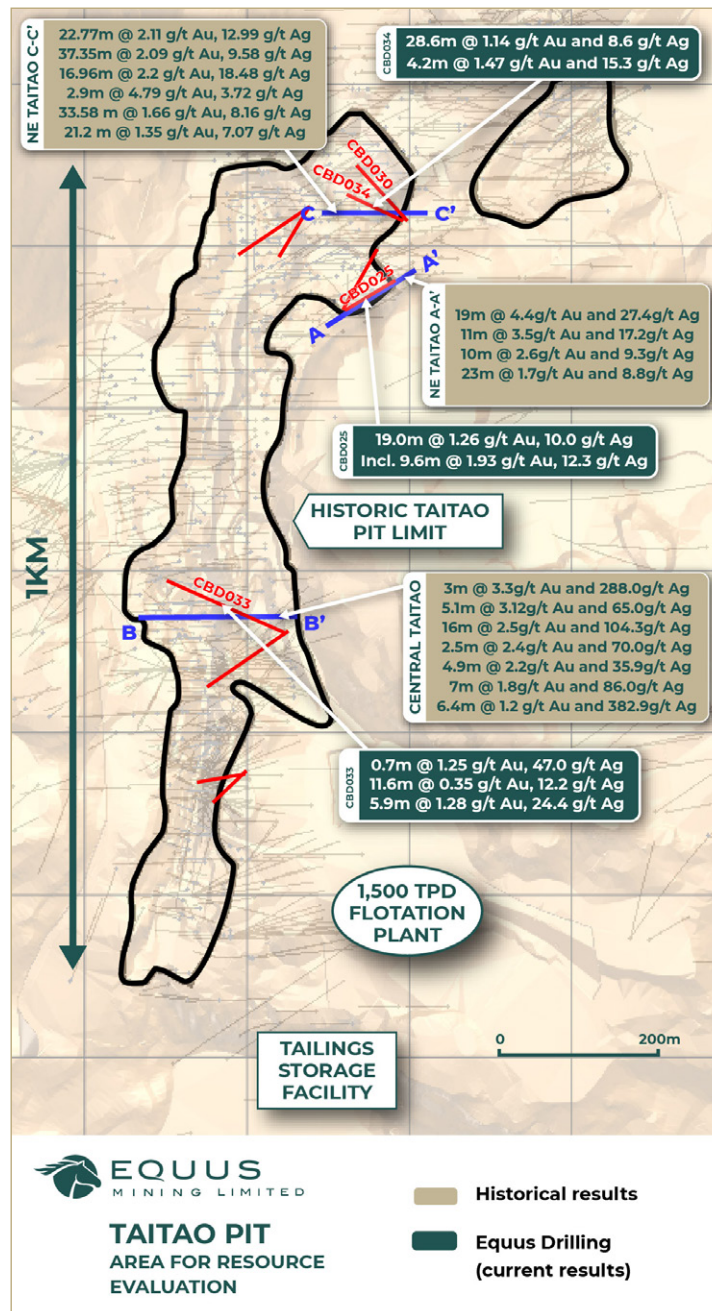


Figure 4 – Taitao Pit, Equus brownfields diamond drilling results overlying historical drilling results

Better results from Equus drilling included:

- Hole CBD025: 19.0m at 1.26 g/t gold and 10.0 g/t silver from 68.5m, including 9.6m at 1.93 g/t gold and 12.3 g/t silver from 77.92m
- Hole CBD026: 12.5m at 1.45 g/t gold, 30.9 g/t silver from 36.8m
- Hole CBD034: 4.2m at 1.47 g/t gold and 15.3 g/t silver from 35.65 metres and 28.6m at 1.14 g/t gold and 8.6 g/t silver from 48 metres including 7.65m at 2.27 g/t gold and 10.67 g/t silver from 56.9 metres
- Hole CBD030: 0.7m at 23.2 g/t gold and 111.0 g/t silver from 15.9 metres

The results from the NE Taitao drilling are presented graphically through figures 4 and 7.

Review of Operations

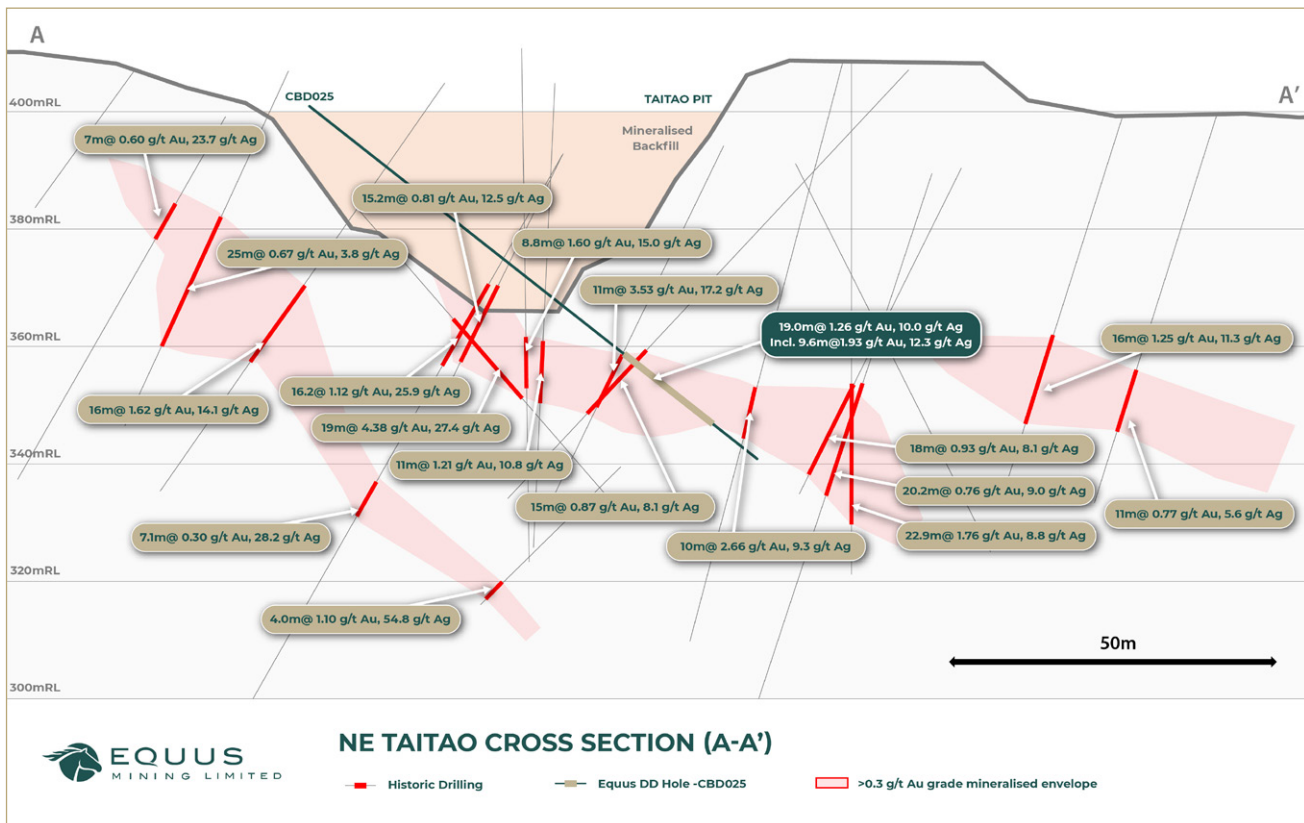


Figure 5 – Cross section (A-A') through Equus DD hole CBD025 overlying historical drill intercepts and interpreted geology

Better historical NE Taitao results include:

- 22.77m at 2.11 g/t gold and 12.99 g/t silver from 25m, including 9m at 3.26 g/t gold and 16.41 g/t silver from 25m;
- 37.2m at 2.1 g/t gold and 9.56 g/t silver from 38.71m, including 13.6m at 3.96 g/t gold, 14.18 g/t silver from 55.4m;
- 16.96m at 2.2 g/t gold and 18.48 g/t silver from 22m, including 5m at 4.49 g/t gold and 35.12 g/t silver from 22m;
- 2.9m at 4.79 g/t gold and 3.72 g/t silver from 37m
- 33.58m at 1.66 g/t gold and 8.16 g/t silver from 35m, including 11.25m at 3.04 g/t gold and 10.97 g/t silver from 43.75m
- 21.2m at 1.35 g/t gold and 7.07 g/t silver from 14m, including 5m at 3.52 g/t gold and 9.41 g/t silver from 19m;
- 19m at 4.4 g/t gold and 27.4 g/t silver
- 11m at 3.5 g/t gold and 17.2 g/t silver
- 10m at 2.6 g/t gold and 9.3 g/t silver
- 23m at 1.7 g/t gold and 8.8 g/t silver
- 16m at 1.6 g/t gold and 14.1 g/t silver
- 9m at 1.6 g/t gold and 15.0 g/t silver⁹

⁹ Details regarding the reporting of the historical results in ASX Announcement - <https://wcsecure.weblink.com.au/pdf/EQE/02247975.pdf> on page 9 dated 25 June 2020

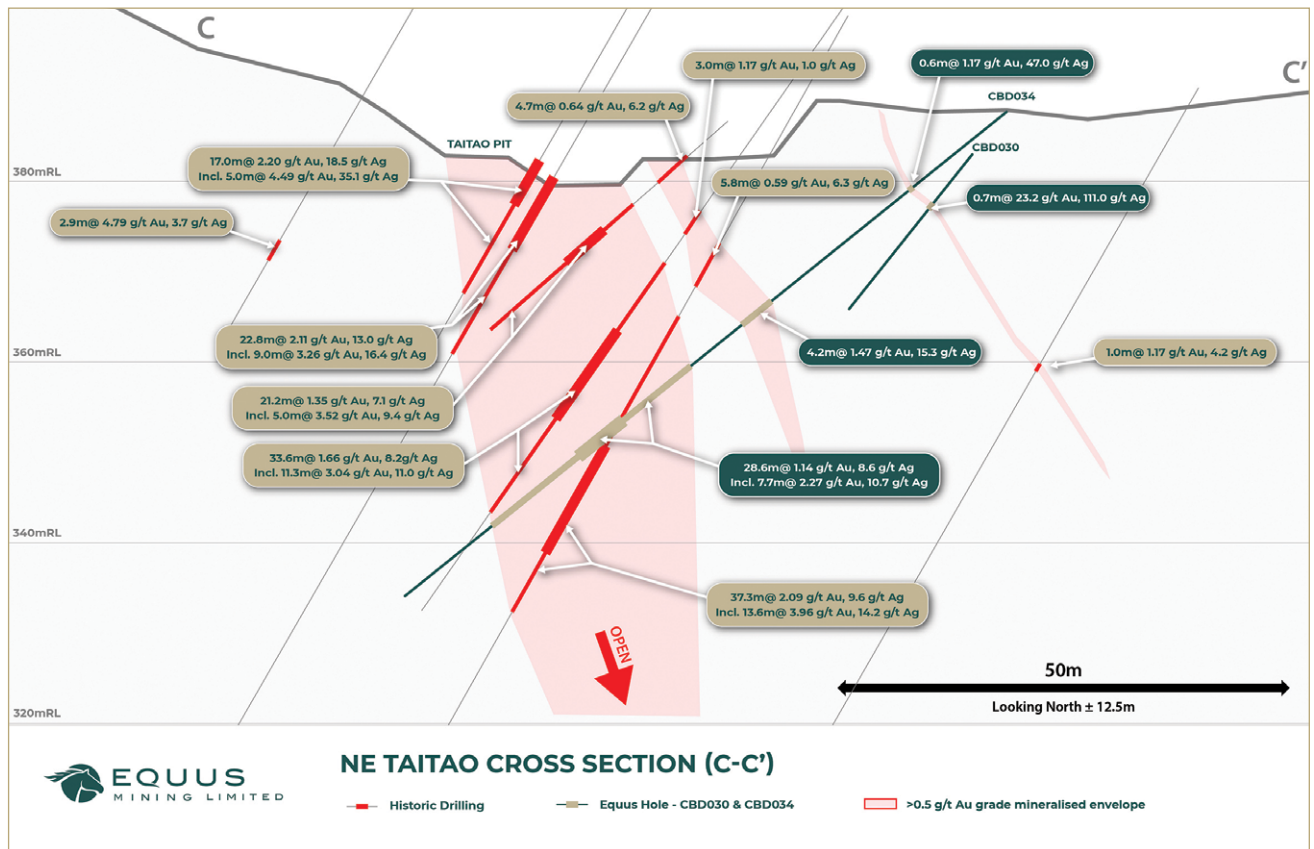


Figure 6 – Cross section (C-C') through Equus DD holes CBD034 and CBD030 overlying historical drill intercepts and interpreted geology

At Central Taitao, a single drill-hole was completed (CBD033) to test results identified through the historic review (Figure 7)¹⁰ for which better results included:

- 5.9m at 1.28 g/t gold and 24.4 g/t silver
- 0.7 at 1.25 g/t gold and 47 g/t silver
- 11.6m at 0.35 g/t gold and 12.2 g/t silver

Historical drilling results include:

- 16m at 2.5 g/t gold and 104.3 g/t silver
- 3.0m at 3.3 g/t gold and 288.0 g/t silver
- 6.4m at 1.2 g/t gold and 382.9 g/t silver
- 14m at 0.9 g/t gold and 10.5 g/t silver
- 5.1m at 3.1 g/t gold and 65.0 g/t silver
- 2.5m at 2.4 g/t gold and 70.0 g/t silver
- 4.9m at 2.2 g/t gold and 35.9 g/t silver

¹⁰ ASX Announcement - DRILLING CONFIRMS BROAD ZONES OF SHALLOW MINERALISATION BELOW TAITAO PIT <https://wsecure.weblink.com.au/pdf/EQE/02256113.pdf>

Review of Operations

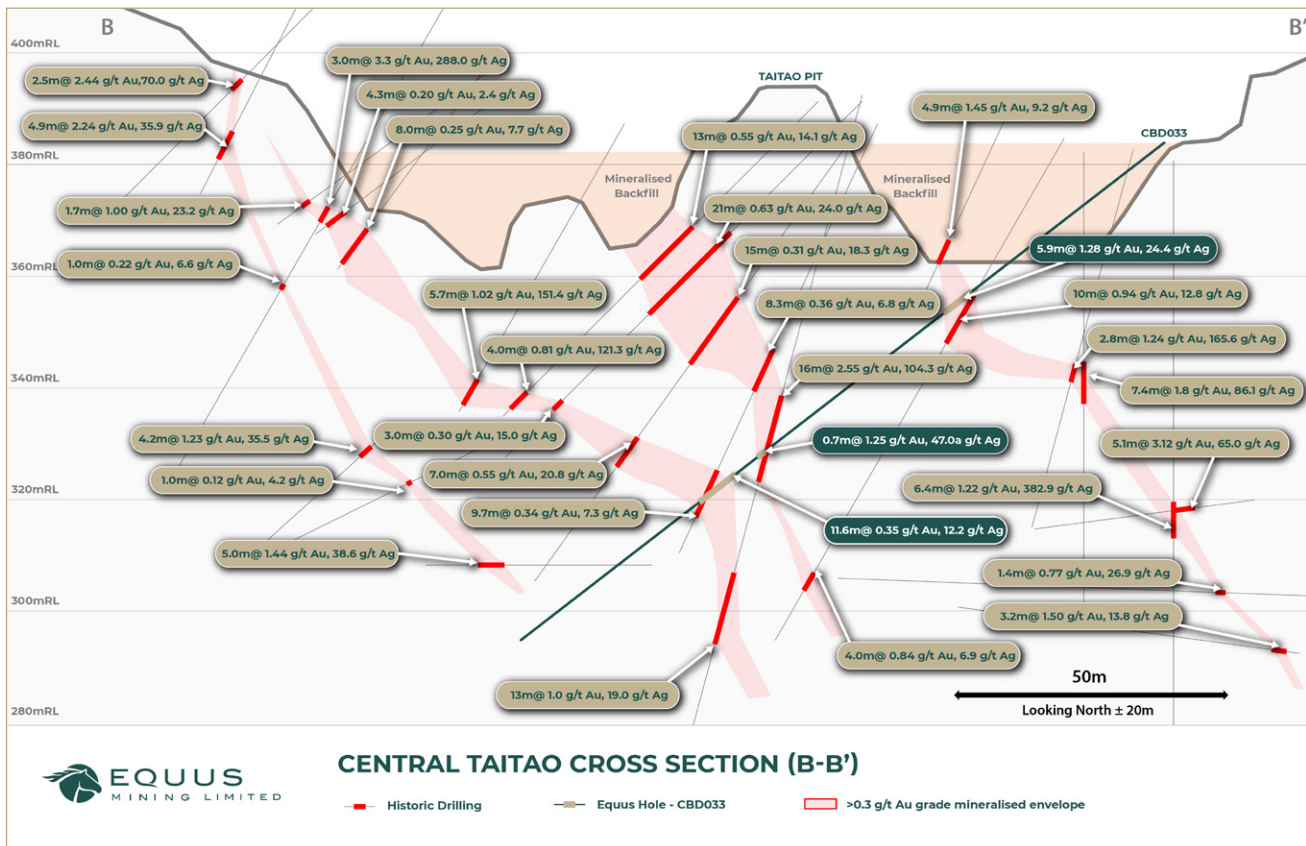


Figure 7 – Central Taitao cross section B-B' with Equus drillhole CBD033 overlying historical drill intercepts and interpreted geology

BROWNFIELDS RESOURCE EVALUATION – NEXT STEPS

Cube Consulting has been engaged to undertake the JORC 2012 compliant resource evaluation for the Taitao Pit¹¹ which is scheduled to be completed by early Q4 2020. The Resource evaluation will form the basis of a mine re-start study expected to be completed by early Q1 2021.

Post reporting period, the company announced new brownfields drill targets, along trend from historic producing mines and within 2km of the processing plant and infrastructure. Known collectively as the Pegaso I-V Targets (Figure 8)¹², they comprise five individual underexplored host fault extensions of historic mines in the interpreted highly prospective northwest margin of a 3.5km x 5km caldera structure.

¹¹ ASX Announcement – DRILLING TO FOCUS ON HIGH GRADE GOLD AND SILVER TARGETS WITHIN HISTORICAL 45MOZ SILVER PRODUCING DISTRICT AT CERRO BAYO

<https://wsecure.weblink.com.au/pdf/EQE/02264242.pdf>

¹² ASX Announcement – NEW GOLD AND SILVER TARGETS AT CERRO BAYO

<https://wsecure.weblink.com.au/pdf/EQE/02266302.pdf>

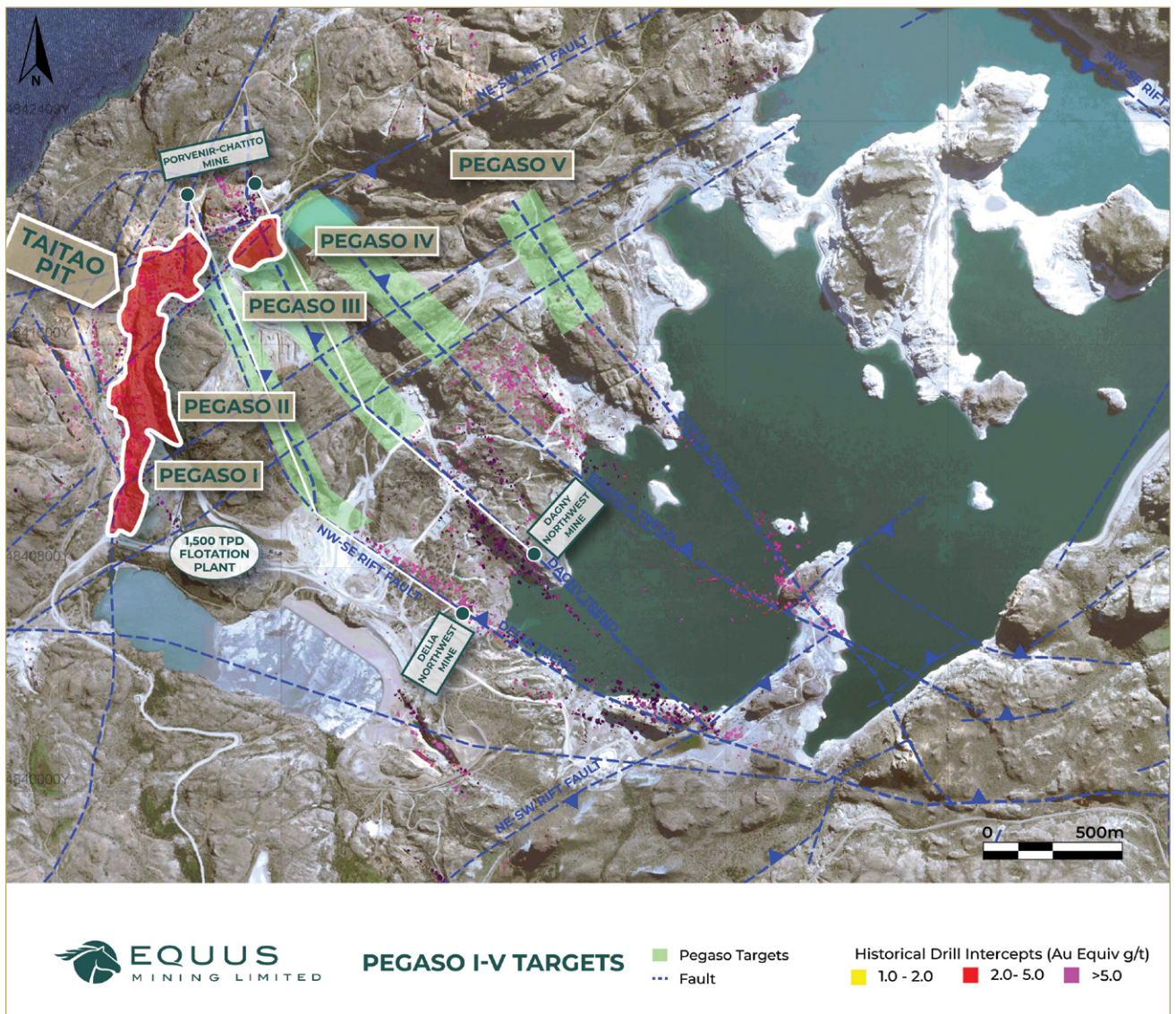


Figure 8 – Five individual underexplored, host fault extensions of historic mines, known collectively as the Pegaso I-V Targets

GREENFIELDS DRILLING

Between October to December, based on historical data review and detailed mapping and sampling the company generated a pipeline of drill targets at the Simmental, Brahman and Droughtmaster Prospects.

In mid-December, the Company announced that greenfields drilling had commenced at the Simmental¹³ and Brahman Prospects.

Early results from the reconnaissance 7-hole diamond drilling program conducted at the Frison Target within the Brahman Prospect returned encouraging results¹⁴, including;

- Hole CBD007: 3m at 43.3 g/t Ag, 0.08 g/t Au, 1.72% Cu, 13.15% Pb and 9.9% Zn from 75.3-78.3m

In late May, from drilling at the Droughtmaster Prospect (Percheron Vein Target) the Company reported its most promising results to date, with 3.81m at 20.4 g/t gold and 55.5 g/t silver from 109m, including 1.06m at 62.58 g/t gold and 129.3 g/t silver from 112m¹⁵ (Figure 9,10).

¹³ ASX Announcement – DRILLING COMMENCES AT CERRO BAYO MINING PROJECT <https://wsecure.weblink.com.au/pdf/EQE/02185892.pdf>
¹⁴ ASX Announcement – ENCOURAGING SILVER RESULTS FROM DRILLING AT CERRO BAYO <https://wsecure.weblink.com.au/pdf/EQE/02209457.pdf>
¹⁵ ASX Announcement – STANDOUT INTERSECTION BOLSTERS DROUGHT MASTER POTENTIAL <https://wsecure.weblink.com.au/pdf/EQE/02238028.pdf>

Review of Operations

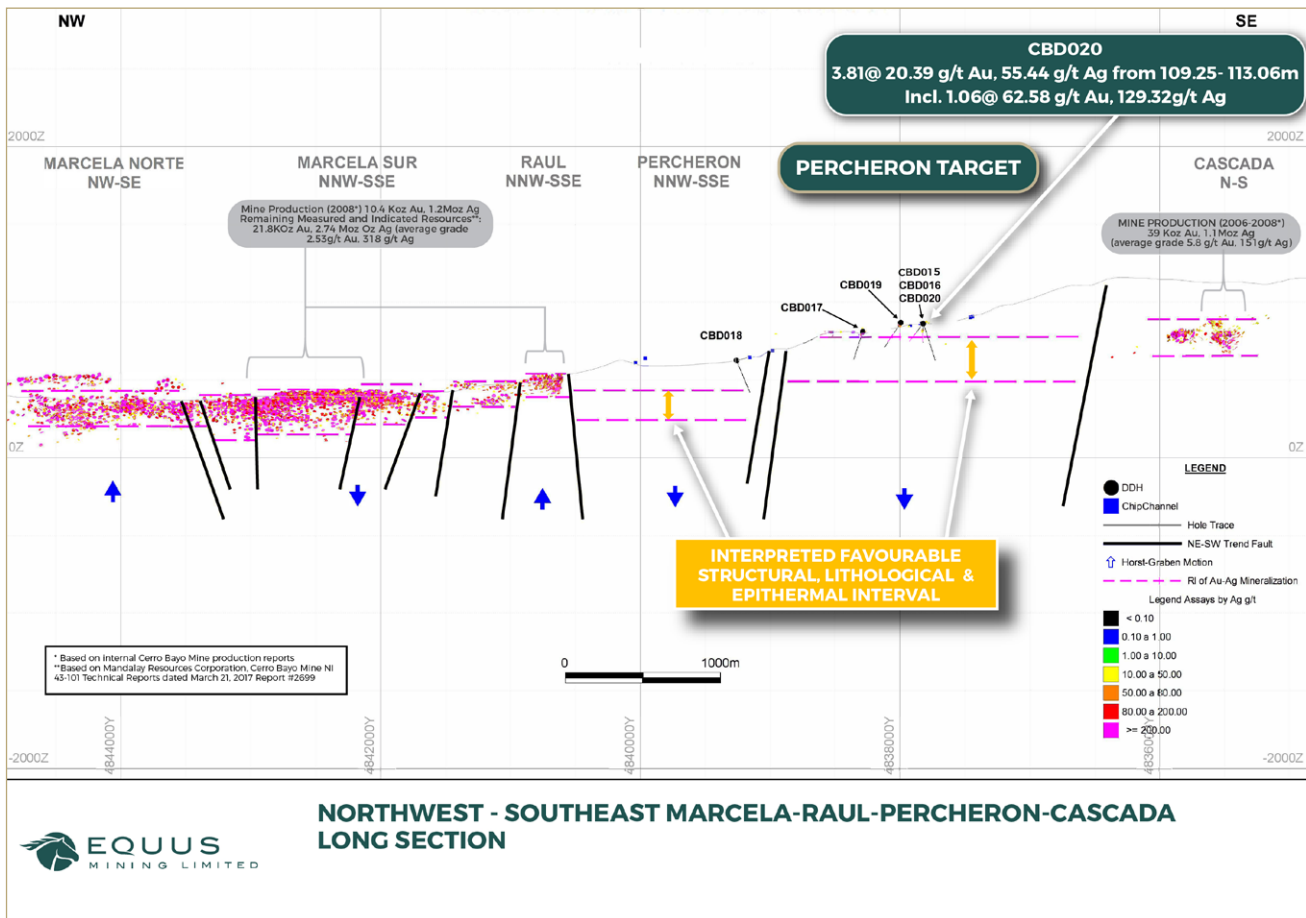


Figure 9 – Long Section of identified mineralized trends within the Droughtmaster Prospect

The results from CBD020 build on highly encouraging results reported from Hole CBD016, located approximately 50m along-strike, which include¹⁶:

- 0.64m @ 1.44 g/t gold, 240.0 g/t silver from 68.10m
- 0.62m @ 17.28 g/t gold, 271.0 g/t silver from 73.5m
- 1.01m @ 5.32 g/t gold, 43.1 g/t silver from 96.57m

The 9-hole diamond drilling program confirmed widespread high-grade epithermal gold-silver veining centred within a 4.5km-long NW district scale trending fault corridor, which extends 2.5km northwest towards the Marcela Mine. It is interpreted that drill intercepts to date relate to the upper portions of a wide, large-scale epithermal system and good potential exists for discovery of high-grade mineralisation in deeper favourable levels along this fault trend.

¹⁶ ASX Announcement – SHALLOW HIGH-GRADE GOLD-SILVER DRILL RESULTS FROM DROUGHTMASTER PROSPECT AND COMMENCEMENT OF DRILLING AT TAITAO PIT
<https://wsecure.weblink.com.au/pdf/EQE/02225391.pdf>

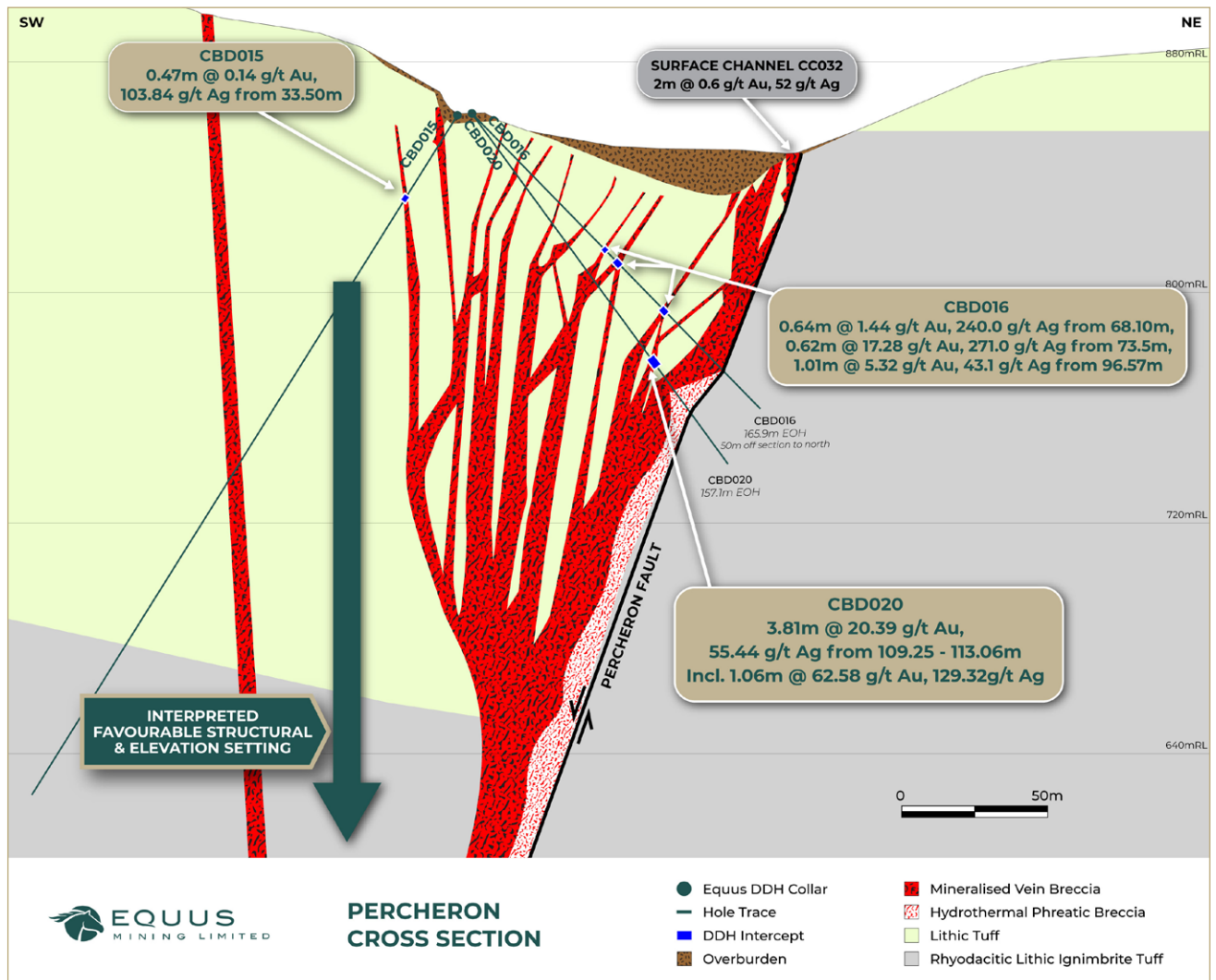


Figure 10 – Droughtmaster Prospect Geological Cross Section for Drill-hole CBD020

GREENFIELDS EXPLORATION – NEXT STEPS

Approximately 2,500m of diamond drilling has been designed to target mineralization down-dip and along strike from the better Droughtmaster result from DD-hole CBD020.

COVID-19

To date the Company is pleased to report that its staff and Contractors have been minimally impacted by the Covid-19 pandemic and enhanced health monitoring and sanitary procedures have been implemented by the Company’s local staff under stringent protocols to reduce the possibility of infection.

The Cerro Bayo Mine Area is located within the Aysen Region of Chile. Whilst the Region boasts a considerable land mass almost double that of Tasmania (108,000km²), it is considered the country’s most sparsely populated region with a population of only ~103,000.

The isolated nature of the area compounded by strict self-isolation policies implemented by the Chilean government have seen relatively low number of infections and deaths compared to other nations and areas. To date there have only been 188 cases in total within the Aysen Region and 1 fatality. Equus management continues to actively monitor developments and will provide further updates should the situation change. At this stage, fieldwork is expected to continue as planned.

LOS DOMOS PROJECT

The Los Domos gold-silver project is located 15km south of the township of Chile Chico and 20km southeast of the Cerro Bayo gold-silver mine and treatment plant, which is held under an option for acquisition by Equus from Mandalay Resources, Region XI, Chile. The project area's altitude range of 800-1200m and a dry, moderate climate permits year-round exploration.

During the year ended 30 June 2020, Equus incorporated a joint venture company "Equus Patagonia SpA" with Patagonia Gold SCM, the Chilean subsidiary of Patagonia Gold Corp (TSXV: PGDC). This entity incorporates the Company's 75% interest in the mining concessions owned by Patagonia Gold SCM, which form part of the Los Domos Project. Southern Gold SpA can acquire a further 20% interest in the Mining Concessions via sole funding exploration through the Equus Patagonia SpA joint venture company at which point Patagonia Gold SCM has the right to retain a 5% free carried interest or convert its equity into a 1.5% NSR.

CERRO DIABLO PROJECT

The Cerro Diablo Project is located in the interpreted northwest limit of the world-class Deseado Massif mineral province, where it extends into southern Chile, in a corridor also broadly coincident with the slightly younger Andean-type arc and back-arc tectonic belt which host epithermal, skarn, porphyry and volcanic-hosted massive sulfide (VHMS) style mineral occurrences.

With the focus of exploration efforts during the reporting period targeted towards evaluation and discovery of resources close to infrastructure throughout the Cerro Bayo Project, work and expenditure on both the Los Domos and Cerro Diablo Projects were limited to maintenance of claim tenure.

Both projects are viewed to host good, underexplored potential for precious and base metals and the Company during the course of the 2021 financial year will undertake limited work including mapping and sampling.

CORPORATE

Placement and Non-Renounceable Rights Issue - \$4.5M

The Company undertook a placement to institutional and sophisticated investors comprising 450 million shares at \$0.01 per share. The placement was issued in two tranches:

- Tranche 1 – 134,591,529 Placement Shares raising \$1.35 million before costs, under the Company's existing capacity in accordance with ASX Listing Rules 7.1.
- Tranche 2 – 315,408,471 Placement Shares to raise \$3.15 million before costs, subject to shareholders approval at a shareholders meeting to be called by the Company

The Non-Renounceable Rights Issue was offered to eligible shareholders, of approximately 52,780,992 new shares at an issue price of \$0.01 per share¹⁷ on the basis of 1 new share for every 17 shares held, to raise approximately \$527,810 before issue costs.

Institutional Placement – \$3.5M

Subsequent to 30 June 2020, the Company completed a AUD\$3.5 million before costs institutional placement, with cornerstone investments made by Palisades Goldcorp Ltd (AUD\$1.0 million) and Tribeca Investment Partners Pty Ltd (Tribeca) (AUD\$1.0 million)¹⁸.

As part of the raising the Company granted Tribeca a right of first refusal to provide Equus with up to US\$20 million of debt funding towards restarting production at the Cerro Bayo Project over the next 24 months.

¹⁷ ASX Announcement – NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT
<https://wcsecure.weblink.com.au/pdf/EQE/02129423.pdf>

¹⁸ ASX Announcement – COMPLETION OF INSTITUTIONAL PLACEMENT
<https://wcsecure.weblink.com.au/pdf/EQE/02256622.pdf>

Compliance statement

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

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.

Yours sincerely,



John Braham
Managing Director

Dated this 30th day of September 2020



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 2020 corporate governance statement is dated 30 September 2020 and reflects the corporate governance practices throughout the 2020 financial year. The board approved the 2020 corporate governance on 30 September 2020. 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 2020 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 Non Executive Director of recently listed Nickel Mines Limited and is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal.

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

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

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

John Richard Braham, Managing Director
Director since 13 November 2018

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

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

On returning to Australia, John built from scratch a successful bulk commodity finance business for Macquarie Bank which he ran from 2008 to 2015 based in Sydney. He was made co-head of Macquarie's global Mining Finance business in 2016. John left Macquarie Bank in 2017 to be Principal of JR Braham Consulting Pty Ltd which provides advice to junior resource companies seeking capital.

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

Directors' Report

Damien John Koerber, Executive Director, Chief Operating Officer

Director since 27 November 2019

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

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

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

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

Robert Ainslie Yeates, Non-Executive Director

Director since 20 July 2015

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

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

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 20 years has been principal of his own mine management consultancy, providing a wide range of technical, management and strategic planning services to the mining industry. Until 2014 he was also Project Director then CEO of Newcastle Coal Infrastructure Group, which has developed and is operating coal export facilities in Newcastle.

Dr Yeates was until 2015 and for the prior ten years a director in ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited), and from 2016 to 2019 he was a director of Watagan Mining Ltd and from 2018 to early 2020 was a director of Montem Resources Limited.

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 – Resigned 27 November 2019

Mr 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.

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. 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 | 6 | 6 |
| John R. Braham | 6 | 3 |
| Damien J. Koerber | 3 | 3 |
| Juerg M. Walker | 3 | 1 |
| Robert A. Yeates | 6 | 6 |

DIRECTORS' INTERESTS

At the date of this report, the beneficial interests of each director of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

| Director | Fully Paid Ordinary Shares | Options over ordinary shares | Option Terms (Exercise Price and Term) |
|---------------------|----------------------------|------------------------------|---|
| Mark H. Lochtenberg | 63,110,762 | 11,111,111 | \$0.015 at any time up to 16 September 2023 |
| John R. Braham | 14,849,674 | 5,555,556 | \$0.015 at any time up to 16 September 2023 |
| | - | 5,000,000 | \$0.030 at any time up to 13 November 2020 |
| | - | 5,000,000 | \$0.050 at any time up to 13 November 2021 |
| | - | 5,000,000 | \$0.070 at any time up to 13 November 2023 |
| | - | 6,666,666 | \$0.027 at any time up to 13 November 2021 |
| | - | 6,666,667 | \$0.030 at any time up to 13 November 2022 |
| | - | 6,666,667 | \$0.035 at any time up to 13 November 2024 |
| Damien J. Koerber | 42,290,938 | 2,222,222 | \$0.015 at any time up to 16 September 2023 |
| Robert A. Yeates | 6,870,767 | 3,333,333 | \$0.015 at any time up to 16 September 2023 |

Following shareholder approval in October 2019 and November 2019, 35,000,000 unlisted options were granted to John Braham.

There were no options over unissued ordinary shares granted as compensation to directors or executives of the Company during or since the end of the financial year.

On 18 September 2020, following the approval by shareholders the Company issued 22,222,222 ordinary shares to the Directors of the Company and granted 22,222,222 free attaching unlisted options on a 1 for 1 basis as part of the Placement announced on 20 July 2020. The options are exercisable at \$0.015 per share vesting on Grant Date and expiry 3 years from Grant Date.

OPTION HOLDINGS

Options granted to directors' and officers'

Since the end of the financial year, the Company did not grant any options over unissued ordinary shares to directors or officers as part of their remuneration.

At the General Meeting held on 18 September 2019, the Company received shareholders' approval to issue 15,000,000 unlisted options to John Braham as remuneration. At the Annual General Meeting held on 27 November 2019, the Company received shareholders' approval to issue 20,000,000 unlisted options to John Braham as remuneration.

UNISSUED SHARES UNDER OPTIONS

At the date of this report, unissued ordinary shares of the Company under option are:

| Number of Options | Exercise Price | Expiry Date |
|-------------------|----------------|-------------------|
| 5,000,000 | \$0.030 | 13 November 2020 |
| 5,000,000 | \$0.050 | 13 November 2021 |
| 5,000,000 | \$0.070 | 13 November 2023 |
| 6,666,666 | \$0.027 | 13 November 2021 |
| 6,666,667 | \$0.030 | 13 November 2022 |
| 6,666,667 | \$0.035 | 13 November 2024 |
| 403,888,889 | \$0.015 | 16 September 2023 |

All options expire on their expiry date. In the event that the employment of the option holder is terminated by breach of its obligations to the Company, then the options shall lapse upon written notification to the holder. The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of the Company or any other body corporate.

SHARES ISSUED ON EXERCISE OF OPTIONS

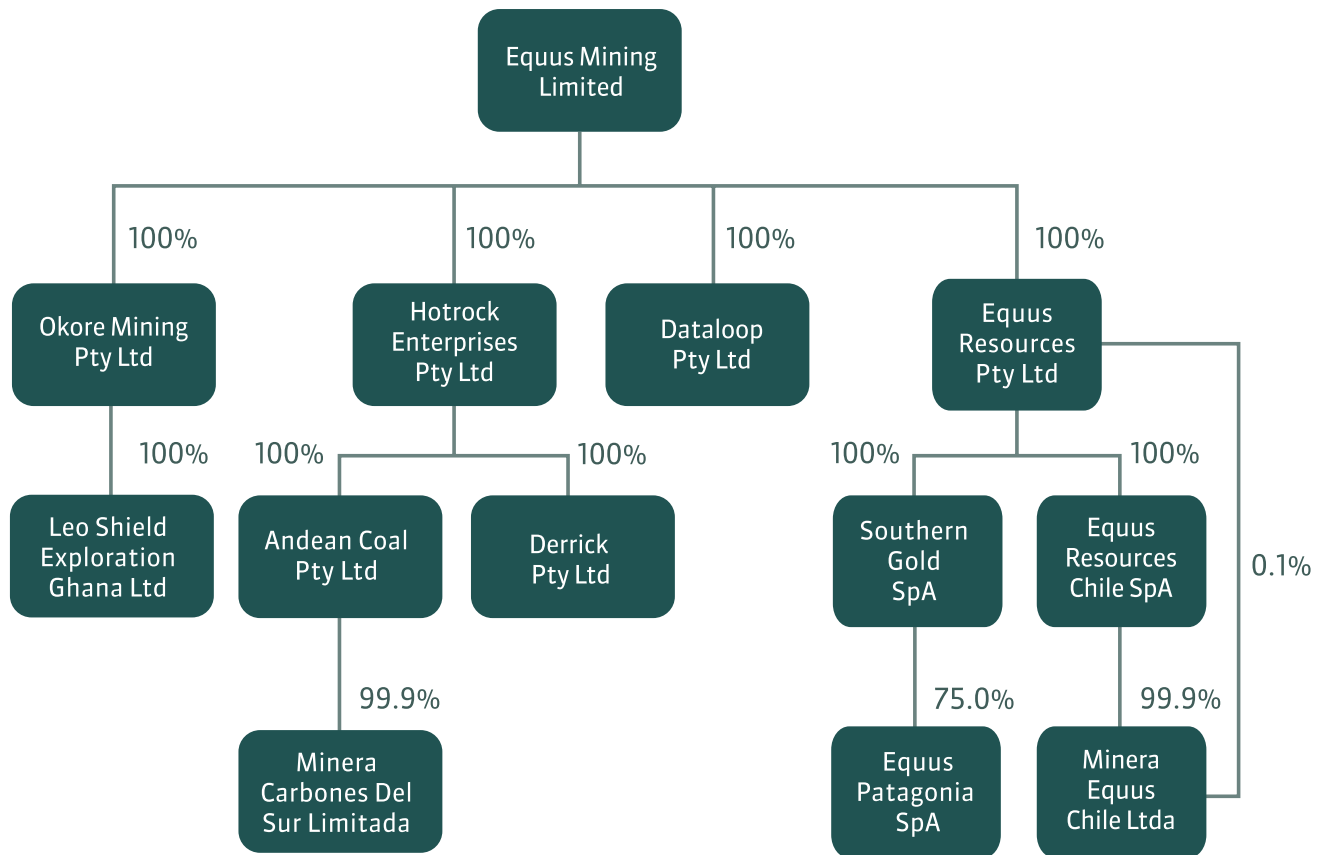
During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

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 2020 is outlined below.

EQUUS MINING LIMITED – GROUP STRUCTURE AT 30 JUNE 2020



The Companies referred above comprise the “Consolidated Entity” for the purposes of the Financial Statements included in this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the execution of the option for acquisition agreement for the Cerro Bayo Mine Project and implementation of its dual-track strategy of brownfields resource evaluation and Brownfields/Greenfields exploration to define sufficient resources to sustain a potential mine restart, and furthermore the maintenance of claims held by Equus for the nearby Los Domos and Cerro Diablo Projects.

FINANCIAL RESULTS

The consolidated loss after income tax attributable to members of the Company for the year was \$1,728,160 (2019: \$942,751 loss).

REVIEW OF OPERATIONS

A review of the Group's operations for the year ended 30 June 2020 is set out on pages 4 to 15 of this Annual Report.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the financial year ended 30 June 2020. No dividends have been paid or declared during the financial year (2019 - \$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 2020 were as follows:

During the year, the Group executed an option agreement which provides it the right to acquire the Cerro Bayo Mining Project adjacent to the existing Los Domos Gold-Silver project located in Chile's XI region.

Equus has a 3-year period to exercise the option to acquire the Cerro Bayo Mining project from Mandalay Resources Corporation ("Mandalay"). The option period commences from the date when Equus receives all required approval to set up and drill from 60 drill platforms on the Cerro Bayo property. Under the option agreement, Equus can at any time during the option period acquire the mining properties and the mine infrastructure including the mine processing plant.

The consideration payable by Equus to Mandalay if Equus decides to exercise the option to acquire the Cerro Bayo mining project is by the issue of 19% of Equus's share capital at the time of exercise the option plus a 2.25% Net Smelter Royalty (NSR).

On 8 August 2019, the Company issued 134,591,529 new ordinary shares under a placement at an issue price \$0.01 per share for a total consideration of \$1,345,915 before costs.

On 3 September 2019, the Company raised \$527,810 (before costs) under a Rights Issue Offer resulting in the allotment of 52,780,992 new ordinary shares at \$0.01 per shares.

On 14 October 2019, the Company issued 315,408,471 new ordinary shares under a placement at an issue price \$0.01 per share for a total consideration of \$3,154,084 before costs.

On 14 October 2019, the Company issued 8,687,500 new ordinary fully paid shares to Terrane Minerals SpA as consideration for acquiring 75% interest in the mining concessions owned by Patagonia Gold Sociedad Contractual Minera ("Patagonia") which form part of the Los Domos Project. Equus and Patagonia formed a Joint Venture where the mining concessions are held whereby Patagonia owned 25% interest and Equus 75% interest.

On 14 October 2019, the Company issued 15,000,000 unlisted options to Mr John Braham as part of his employment agreement for the 12 month period to November 2019 as follows:

- 5,000,000 options exercisable at \$0.030 each vesting immediately and expiring on 13 November 2020;
- 5,000,000 options exercisable at \$0.050 each vesting immediately and expiring on 13 November 2021;
- 5,000,000 options exercisable at \$0.070 each vesting immediately and expiring on 13 November 2023;

On 29 November 2019, the Company issued 20,000,000 unlisted options to Mr John Braham as part of his employment agreement for the 12 month period to November 2020 as follows:

- 6,666,666 options exercisable at \$0.027 each vesting immediately and expiring on 13 November 2021;
- 6,666,667 options exercisable at \$0.030 each vesting immediately and expiring on 13 November 2022;
- 6,666,667 options exercisable at \$0.035 each vesting immediately and expiring on 13 November 2024;

On 27 November 2019, Mr Juerg Walker retired from the Board of Directors and Mr Damien Koerber was appointed as Executive Director and Chief Operating Officer (COO) of the Company.

On 12 May 2020, the Company issued 3,300,000 new ordinary fully paid shares to Westoaks Enterprises Pty Ltd as consideration for Geological Technical Services provided in connection with the Cerro Bayo project in southern Chile.

Other than the matters detailed above, there were no other significant changes in the affairs of the Company during the year.

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. Prior to recommencing drilling at the Los Domos Project, approval of an Environmental Impact Statement (DIA) is required. Environmental and related studies as part of the Environmental Impact Statement were completed but due to the coronavirus continued restricted access to face to face meetings with the government environmental authorities in Chile, Equus has not had an opportunity to physical present nor submit the DIA for Los Domos. Due to this uncertainty of when restrictions will be lifted in Australia and Chile lodgement of the Environmental Impact Statement (DIA) for Los Domos is likely to take place during the second quarter of 2021.

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.

LIKELY DEVELOPMENTS

During the course of the 2021 financial year, the Company will focus on drilling programs throughout the Cerro Bayo, mine claim surveying for Los Domos and Cerro Diablo Project and its ongoing strategic assessment of additional areas of exploration interest in the vicinity of the Cerro Bayo Mine infrastructure. The Directors expect to receive results of future exploration programs at Cerro Bayo, Los Domos and the Cerro Diablo gold-silver and polymetallic projects, 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 have not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group.

EVENTS SUBSEQUENT TO BALANCE DATE

On 20 July 2020, the Company announced a placement to institutional investors to raise up to \$3.5 million by the issue of 388,888,889 shares at an issue price of \$0.009. The placement is made up of two tranches, tranche one completed on 28 July 2020 raised \$3,139,977 before costs by the issue of 348,886,300 ordinary shares. For tranche two, the Company obtained approval at a shareholders' meeting held on 16 September 2020 for the issue of 40,002,589 ordinary shares at \$0.009 and raised \$360,023 before costs.

On 16 September 2020, following the approval by shareholders the Company granted 388,888,889 free attaching unlisted options on a 1 for 1 basis to the investors and Directors who participated in the placement. The options are exercisable at \$0.015 per share vesting on Grant Date and expiring in three years from Grant date.

On 16 September 2020, following the approval by shareholders the Company granted 15,000,000 unlisted options to Brokers of the placement under the same terms and conditions to the options granted to the investors who participated in the Placement.

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.

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.

The remuneration disclosed below represents the cost to the Group for services provided under these arrangements.

John Braham, Mark Lochtenberg and Damien Koerber are paid through the Company's payroll. All other Directors services are paid by way of an arrangement with related parties.

There were no remuneration consultants used by the Company during the year ended 30 June 2020, or in the prior year.

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.

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-----------|---------|-----------|---------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Net loss attributable to equity holders of the parent | 1,728,160 | 942,751 | 2,142,214 | 899,548 | 3,573,850 |
| Dividends paid | - | - | - | - | - |
| Change in share price | - | (0.02) | - | 0.02 | (0.01) |

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

Remuneration Structure - Audited

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

Service contracts - Audited

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

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 | Primary Salary / Fees \$ | Superannuation \$ | Share-Based Payments Options \$ | Short Term Benefit \$ | Total \$ |
|--------------------------------|------|--------------------------------|----------------------|---------------------------------------|-----------------------------|-------------|
| Executive Directors | | | | | | |
| John Braham ⁽¹⁾ | 2020 | 182,667 | 17,353 | 338,833 | 7,674 | 546,527 |
| | 2019 | 75,333 | 5,890 | - | - | 81,223 |
| Damien Koerber ⁽²⁾ | 2020 | 200,000 | 19,000 | - | 15,385 | 234,385 |
| | 2019 | - | - | - | - | - |
| Edward Leschke ⁽³⁾ | 2020 | - | - | - | - | - |
| | 2019 | 62,899 | 5,243 | - | - | 68,142 |
| Non-Executive Directors | | | | | | |
| Robert Yeates | 2020 | 30,000 | - | - | - | 30,000 |
| | 2019 | 30,000 | - | - | - | 30,000 |
| Juerg Walker ⁽⁴⁾ | 2020 | 12,500 | - | - | - | 12,500 |
| | 2019 | 30,000 | - | - | - | 30,000 |
| Mark Lichtenberg | 2020 | 30,000 | 2,850 | - | - | 32,850 |
| | 2019 | 30,000 | 2,850 | - | - | 32,850 |
| Total all directors | 2020 | 455,167 | 39,203 | 338,833 | 23,059 | 856,262 |
| | 2019 | 228,232 | 13,983 | - | - | 242,215 |

⁽¹⁾ Appointed as Director on 13 November 2018.

⁽²⁾ Appointed as Director on 27 November 2019.

⁽³⁾ Resigned as Director on 13 November 2018.

⁽⁴⁾ Resigned as Director on 27 November 2019.

Executive Directors - Audited

During the financial year ended 30 June 2020, John Braham and Damien Koerber were considered Executive Directors. Their remuneration for the year ended 30 June 2020 comprised of fixed remuneration plus 9.5% statutory superannuation paid through the Company's payroll. During the year, the Company received shareholder approval to issue 35,000,000 unlisted options to Mr Braham for no consideration as part of his remuneration. The terms and conditions of the options are outlined below.

Directors' Report

Options granted as compensation - Audited

No bonuses were paid during the financial year. Refer below for the Options granted to John Braham. The Company employed no other key management personnel.

Details of options granted as compensation to each key management person:

| Director | Grant Date | Number of Options Granted | Fair value per option at grant date | Fair Value at Grant Date | Option Terms (Exercise Price and Term) |
|-------------|------------------|---------------------------|-------------------------------------|--------------------------|---|
| John Braham | 14 October 2019 | ⁽¹⁾ 5,000,000 | \$0.0067 | \$33,500 | \$0.030 at any time to 13 November 2020 |
| John Braham | 14 October 2019 | ⁽¹⁾ 5,000,000 | \$0.0086 | \$43,000 | \$0.050 at any time to 13 November 2021 |
| John Braham | 14 October 2019 | ⁽¹⁾ 5,000,000 | \$0.0118 | \$59,000 | \$0.070 at any time to 13 November 2023 |
| John Braham | 29 November 2019 | ⁽²⁾ 6,666,666 | \$0.0084 | \$56,000 | \$0.027 at any time to 13 November 2021 |
| John Braham | 29 November 2019 | ⁽²⁾ 6,666,667 | \$0.0101 | \$67,333 | \$0.030 at any time to 13 November 2022 |
| John Braham | 29 November 2019 | ⁽²⁾ 6,666,667 | \$0.0120 | \$80,000 | \$0.035 at any time to 13 November 2024 |

There were no options over ordinary shares granted to Directors as remuneration during the year ended 30 June 2019.

- The fair value of the ⁽¹⁾ 15,000,000 options at grant date was determined based on a Black- Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.0155 at the grant date, a volatility factor of 152.60% based on historic share price performance, a risk free rate of 0.71% based on the 2 year government bond rate and no dividends paid. The value also considered the vesting conditions in relation to the options.
- The fair value of the ⁽²⁾ 20,000,000 options at grant date was determined based on a Black- Scholes formula. The model inputs of the options issued, were the Company's share price of \$0.014 at the grant date, a volatility factor of 149.46% based on historic share price performance, a risk free rate of 0.65% based on the 3 year government bond rate and no dividends paid.

No options lapsed or were exercised during the 2020 and 2019 financial years.

Non Executive Directors - Audited

During the financial year ended 30 June 2020, the following Directors were considered Non-Executive Directors:

- Mark Lichtenberg;
- Juerg Walker (resigned 27 November 2019);
- 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.

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

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 2020 and 2019 financial years.

Exercise of options granted as compensation - Audited

There were no shares issued to Directors on the exercise of options previously granted as compensation during the 2020 and 2019 financial years.

Analysis of options and rights over equity instruments granted as compensation - Audited

All options refer to options over ordinary shares of Equus Mining Limited, which are exercisable on a one-for-one basis.

| Director | Options granted | | % vested at year end | Exercised / forfeited during the year | Balance at year end | Financial year in which grant vests |
|-------------|-----------------|------------------|----------------------|---------------------------------------|---------------------|-------------------------------------|
| | Number | Date | | | | |
| John Braham | 15,000,000 | 14 October 2019 | 100% | - | 15,000,000 | 30 June 2020 |
| John Braham | 20,000,000 | 29 November 2019 | 100% | - | 20,000,000 | 30 June 2020 |

The number of options that had vested as at 30 June 2020 is 35,000,000 (2019 - nil). 35,000,000 options were granted as remuneration during the year (2019: nil). No options were granted as compensation subsequent to year end.

Analysis of movements in options granted as compensation - Audited

| Director | Granted in the year | Valuation of options exercised in the year | Lapsed in the year |
|-------------|---------------------|--|--------------------|
| John Braham | \$338,833 | - | - |

Options and rights over equity instruments - Audited

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

Option holdings 2020 - Audited

| Directors | Held at 1 July 2019 | Granted / Purchased | Exercised / Sold | Expired | Held at 30 June 2020 | Vested and exercisable at 30 June 2020 |
|------------------|---------------------|---------------------|------------------|---------|----------------------|--|
| Mark Lichtenberg | - | - | - | - | - | - |
| John Braham | - | 35,000,000 | - | - | 35,000,000 | 35,000,000 |
| Damien Koerber | - | - | - | - | - | - |
| Robert Yeates | - | - | - | - | - | - |

Directors' Report

Loans to key management personnel and their related parties - Audited

There were no loans made to key management personnel or their related parties during the 2020 and 2019 financial years and no amounts were outstanding at 30 June 2020 (2019 - \$nil).

Other transactions with key management personnel - Audited

There were no other transactions with key management personnel or their related parties during 2020.

At 30 June 2020, the amount outstanding for salaries, superannuation and directors fees were nil (2019: \$7,500).

Movements in shares - Audited

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

Fully paid ordinary shareholdings and transactions - 2020

| Key management personnel | Held at 30 June 2019 | Purchases | Sales | Other | Held at 30 June 2020 |
|--------------------------|-------------------------|------------|-------|------------|-------------------------|
| Mark Lochtenberg | 36,360,781 | 15,638,870 | - | - | 51,999,651 |
| John Braham | 5,000,000 | 4,294,118 | - | - | 9,294,118 |
| Damien Koerber * | N/A | - | - | 40,068,716 | 40,068,716 |
| Juerg Walker ** | 8,297,861 | - | - | - | N/A |
| Robert Yeates | 3,340,909 | 196,525 | - | - | 3,537,434 |

* Number of shares held at date of appointment as a Director

** Number of shares held up until date of resignation as a Director

End of remuneration report.

NON-AUDIT SERVICES

During the year ended 30 June 2020 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.

| | 2020 \$ | 2019 \$ |
|--|---------------|---------------|
| Services other than audit and review of financial statements: | | |
| <i>Other services</i> | - | - |
| Audit and review of financial statements | 84,998 | 82,920 |
| | 84,998 | 82,920 |

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 30 and forms part of the Directors' Report for the financial year ended 30 June 2020.

Signed at Sydney this 30th day of September 2020
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Non-Executive Chairman



John R. Braham
Managing Director

Lead Auditor's Independence Declaration



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 of Equus Mining Limited for the financial year ended 30 June 2020 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 black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Jason Adams'.

Jason Adams
Partner

Brisbane
30 September 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

| | Notes | 2020 \$ | 2019 \$ |
|---|-------|--------------------|------------------|
| CONTINUING OPERATIONS | | | |
| Other income | 4 | 50,000 | - |
| Expenses | | | |
| Employee, directors and consultants costs | | (1,036,551) | (521,602) |
| Travel expenses | | (83,600) | (16,001) |
| Other expenses | 4 | (675,599) | (418,164) |
| Results from operating activities | | (1,745,750) | (955,767) |
| Finance income | 5 | 16,099 | 13,016 |
| Finance costs | 5 | - | - |
| Net finance income/(expense) | | 16,099 | 13,016 |
| Loss before tax | | (1,729,651) | (942,751) |
| Tax benefit/(expense) | 6 | - | - |
| Loss for the year | | (1,729,651) | (942,751) |
| Other comprehensive income for the year | | | |
| Items that may be classified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | 13 | (1,030,039) | 65,682 |
| | | (1,030,039) | 65,682 |
| Items that will not be classified subsequently to profit or loss | | | |
| Net change in fair value of equity instruments at fair value through other comprehensive income | 13 | (343,371) | 73,427 |
| Total other comprehensive gain/(loss) | | (1,373,410) | 139,109 |
| Total comprehensive loss for the year | | (3,103,061) | (803,642) |
| Loss for the year attributable to: | | | |
| Equity holders of the Company | | (1,728,160) | - |
| Non-controlling interest | | (1,491) | - |
| | | (1,729,651) | - |
| Total comprehensive loss attributable to: | | | |
| Equity holders of the Company | | (3,101,570) | - |
| Non-controlling interest | | (1,491) | - |
| | | (3,103,061) | - |
| Earnings per share | | | |
| Basic and diluted loss per share (dollars) | 14 | (0.0013) | (0.0012) |

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 2020

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | 7 | 1,304,130 | 398,819 |
| Receivables | 8 | 14,806 | 14,513 |
| Total Current Assets | | 1,318,936 | 413,332 |
| Non-Current Assets | | | |
| Other financial assets | 9 | 14,802 | 370,179 |
| Exploration and evaluation expenditure | 10 | 6,895,276 | 5,228,559 |
| Total Non-Current Assets | | 6,910,078 | 5,598,738 |
| Total Assets | | 8,229,014 | 6,012,070 |
| Current Liabilities | | | |
| Payables | 11 | 352,742 | 190,343 |
| Total Current Liabilities | | 352,742 | 190,343 |
| Total Liabilities | | 352,742 | 190,343 |
| Net Assets | | 7,876,272 | 5,821,727 |
| Equity | | | |
| Share capital | 12 | 121,182,362 | 116,371,685 |
| Reserves | 13 | (493,028) | 541,549 |
| Accumulated losses | | (112,819,667) | (111,091,507) |
| Parent entity interest | | 7,869,667 | 5,821,727 |
| Non-controlling interest | | 6,605 | - |
| Total Equity | | 7,876,272 | 5,821,727 |

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 2020

| | Share Capital \$ | Accumulated Losses \$ | Option Reserve \$ | Fair Value Reserve \$ | Foreign Currency Translation Reserve \$ | Total \$ | Non- controlling Interest \$ | Total Equity \$ |
|---|------------------------|-----------------------------|-------------------------|-----------------------------|---|--------------------|---------------------------------------|-----------------------|
| Balance at 1 July 2018 | 113,833,684 | (110,148,756) | - | 672,105 | (269,665) | 4,087,368 | - | 4,087,368 |
| Profit/(Loss) for the year | - | (942,751) | - | - | - | (942,751) | - | (942,751) |
| Total other comprehensive income / (loss) | - | - | - | 73,427 | 65,682 | 139,109 | - | 139,109 |
| Total comprehensive profit/ (loss) for the year | - | (942,751) | - | 73,427 | 65,682 | (803,642) | - | (803,642) |
| Transactions with owners recorded directly in equity | | | | | | | | |
| Ordinary shares issued | 2,627,750 | - | - | - | - | 2,627,750 | - | 2,627,750 |
| Transaction costs on issue of shares | (89,749) | - | - | - | - | (89,749) | - | (89,749) |
| Balance at 30 June 2019 | 116,371,685 | (111,091,507) | - | 745,532 | (203,983) | 5,821,727 | - | 5,821,727 |
| Balance at 1 July 2019 | 116,371,685 | (111,091,507) | - | 745,532 | (203,983) | 5,821,727 | - | 5,821,727 |
| Profit/(Loss) for the year | - | (1,728,160) | - | - | - | (1,728,160) | (1,491) | (1,729,651) |
| Total other comprehensive income / (loss) | - | - | - | (343,371) | (1,030,039) | (1,373,410) | - | (1,373,410) |
| Total comprehensive profit/ (loss) for the year | - | (1,728,160) | - | (343,371) | (1,030,039) | (3,101,570) | (1,491) | (3,103,061) |
| Transactions with owners recorded directly in equity | | | | | | | | |
| Ordinary shares issued | 5,151,859 | - | - | - | - | 5,151,859 | - | 5,151,859 |
| Transaction costs on issue of shares | (341,182) | - | - | - | - | (341,182) | - | (341,182) |
| Employee share options granted | - | - | 338,833 | - | - | 338,833 | - | 338,833 |
| Changes in ownership interest in subsidiaries | | | | | | | | |
| Acquisition of subsidiary with non-controlling interest | - | - | - | - | - | - | 8,096 | 8,096 |
| Balance at 30 June 2020 | 121,182,362 | (112,819,667) | 338,833 | 402,161 | (1,234,022) | 7,869,667 | 6,605 | 7,876,272 |

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 2020

| | Notes | 2020 \$ | 2019 \$ |
|--|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash receipts in the course of operations | | 34,149 | - |
| Cash payments in the course of operations | | (1,337,246) | (904,289) |
| Net cash used in operations | | (1,303,097) | (904,289) |
| Interest received | | 12,559 | 11,179 |
| Net cash used in operating activities | 15 | (1,290,538) | (893,110) |
| Cash flows from investing activities | | | |
| Payments for exploration and development expenditure | | (2,506,325) | (1,569,635) |
| Proceed from sale of financial assets | | 12,006 | 8,908 |
| Net cash used in investing activities | | (2,494,319) | (1,560,727) |
| Cash flows from financing activities | | | |
| Proceeds from share issues | | 5,027,810 | 2,282,000 |
| Share issue expenses | | (341,182) | (89,749) |
| Net cash provided by financing activities | | 4,686,628 | 2,192,251 |
| Net increase / (decrease) in cash held | | 901,771 | (261,586) |
| Cash and cash equivalents at 1 July | | 398,819 | 658,568 |
| Effects of exchange rate fluctuations on cash held | | 3,540 | 1,837 |
| Cash and cash equivalents at 30 June | 15 | 1,304,130 | 398,819 |

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

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 2020 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 30 September 2020.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain 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 \$4,686,628 (net of associated costs) through the issue of ordinary shares via placements.

The Group recorded a loss attributable to equity holders of the Company of \$1,728,160 for the year ended 30 June 2020 and has accumulated losses of \$112,819,667 as at 30 June 2020. The Group has cash on hand of \$1,304,130 at 30 June 2020 and used \$3,796,863 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2020.

Since the end of the financial year, Equus raised \$3,139,977 (before costs) through tranche one of a share placement. On 16 September 2020, the Company obtained approval from shareholders at a General Meeting for tranche two of the share placement which allows it to raise further funding of \$360,023 (before costs). The additional funding will primarily be used by the Group to pursue its plans for the Cerro Bayo project.

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 completes tranche 2 of the share placement together with the receipt of proceeds from the anticipated exercise of options to enable it to pursue its plans for the Cerro Bayo project and takes into consideration the estimation of impacts of COVID-19. If such funding is not achieved, the Group plans to reduce expenditure to the level of funding available.

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/or the Group reducing expenditure in-line with available funding.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

2. BASIS OF PREPARATION (Cont.)

(d) Going concern (Cont.)

In the event that the Group does not obtain additional funding and/or reduce 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.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with AASBs 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 - Unrecognised deferred tax assets; and
- Note 10 - Exploration and evaluation expenditure.

COVID-19

During the year, the COVID-19 pandemic resulted in significant uncertainty in global economic conditions as well as from the impacts of government imposed restrictions implemented in response to the outbreak. The Group has considered the impacts of COVID-19 on the key estimates and judgements in the preparation of the financial statements for the year ended 30 June 2020.

Subsequent to the end of the reporting period, the COVID-19 pandemic has remained prevalent and this may impact the results of operations of the Group in future reporting periods. Given the nature and uncertainties associated with the pandemic, these impacts are not able to be reliably estimated at the date of issuing this financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in 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, except for the adoption of new standards effective as of 1 July 2019. The adoption of AASB 16 Leases from 1 July 2019 had no material impact on the Group's financial statements.

(b) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income. 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

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) Financial instruments

Non-derivative financial assets

Recognition and initial measurement

The Group initially recognises trade receivables on the date that they are originated. All other financial assets 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Financial instruments (Cont.)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income – equity investment; or
- Fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

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 loans and borrowings and trade and other payables.

(e) 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.

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.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

The Group recognises loss allowances to an amount equal to lifetime expected credit losses (ECLs), except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have a low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECL's are discounted at the effective interest rate of the financial asset.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Income tax (Cont.)

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.

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 the reporting 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 investments in equity securities designated as FVOCI, 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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 Executive 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 Executive 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 Executive 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

(q) 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.

(r) Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been applied in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the financial statements.

- Amendments to References to Conceptual Frameworks in IFRS standards;
- Definition of a Business (Amendments to AASB 3);
- Definition of Material (Amendments to AASB 101 and AASB 108);
- AASB 17 Insurance Contracts

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

| | 2020 \$ | 2019 \$ |
|---|------------------|----------------|
| 4. LOSS FROM OPERATING ACTIVITIES | | |
| Other income | | |
| Recognised in profit or loss | | |
| Government grant | 50,000 | - |
| | <u>50,000</u> | <u>-</u> |
| Other expenses | | |
| Administration costs | 113,869 | 71,745 |
| Audit and review services – KPMG | 84,998 | 82,920 |
| Accounting and secretarial fees | 24,000 | 45,407 |
| Legal fees | 267,729 | 70,665 |
| Insurance | 43,225 | 32,108 |
| ASIC and ASX fees | 59,771 | 40,761 |
| Share registry fees | 22,007 | 14,558 |
| Rent | 60,000 | 60,000 |
| | <u>675,599</u> | <u>418,164</u> |
| | 2020 \$ | 2019 \$ |
| 5. FINANCE INCOME AND FINANCE COSTS | | |
| Recognised in profit and loss | | |
| Interest income on cash deposits | 12,559 | 11,179 |
| Foreign exchange gain / (loss) | 3,540 | 1,837 |
| Finance income | <u>16,099</u> | <u>13,016</u> |
| Finance costs | - | - |
| Net finance income/(costs) recognised in profit or loss | <u>16,099</u> | <u>13,016</u> |
| Recognised in other comprehensive income | | |
| Net change in fair value of equity instruments at fair value | <u>(343,371)</u> | <u>73,427</u> |
| Finance cost recognised in other comprehensive income, net of tax | <u>(343,371)</u> | <u>73,427</u> |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

6. INCOME TAX EXPENSE

Current tax expense

| | 2020 \$ | 2019 \$ |
|-----------------------------|------------|------------|
| Current year | (357,745) | 79,023 |
| Overprovision in prior year | - | - |
| Losses not recognised | 357,745 | (79,023) |
| | - | - |

Numerical reconciliation of income tax expense to prima facie tax payable:

| | | |
|--|-----------|-----------|
| Loss before tax | 1,729,651 | 942,751 |
| Prima facie income tax benefit at the Australian tax rate of 27.5% | (475,654) | (259,257) |
| Decrease in income tax benefit due to: | | |
| - non-deductible expenses | 179,699 | 44,970 |
| - effect of deferred tax asset (DTA) for capital losses not brought to account | - | - |
| - effect of DTA for tax losses not brought to account | 371,496 | 183,266 |
| - effect of DTA for temporary differences not brought to account | (75,541) | 31,021 |
| Income tax expense/(benefit) | - | - |

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

| | | |
|--------------------------------------|------------|-----------|
| Capital losses | 6,131,868 | 6,131,868 |
| Tax losses | 3,985,145 | 3,613,649 |
| Net deductible temporary differences | 185,268 | 43,531 |
| Potential tax benefit at 27.5% | 10,302,281 | 9,789,048 |

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.

7. CASH AND CASH EQUIVALENTS

| | 2020 \$ | 2019 \$ |
|------------------|------------|------------|
| Cash at bank | 229,412 | 141,714 |
| Deposits at call | 1,074,718 | 257,105 |
| | 1,304,130 | 398,819 |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

| | 2020 \$ | 2019 \$ |
|-----------------------|------------|------------|
| 8. RECEIVABLES | | |
| Current | | |
| Sundry debtors | 14,806 | 14,513 |

Trade and sundry debtors are non-interest bearing and generally on 30-day terms.

9. INVESTMENTS

At 30 June 2020, the Group holds 1,327,000 shares (30 June 2019: 1,368,300) in Blox Inc., a US over the counter traded company at which had a closing share price of US\$0.0077 at 30 June 2020 (30 June 2019: US\$0.19).

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

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| <i>Equity instruments at fair value through other comprehensive income</i> | | |
| Equity securities – Investment in Blox Inc. | 14,802 | 370,179 |

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

Movement of the carrying amount of investment.

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| <i>Movement during the period</i> | | |
| Opening balance | 370,179 | 305,660 |
| Disposal | (12,006) | (8,908) |
| Net change in fair value | (343,371) | 73,427 |
| Equity securities – at fair value through other comprehensive income | 14,802 | 370,179 |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| 10. EXPLORATION AND EVALUATION EXPENDITURE | | |
| Los Domos gold-silver | 4,743,528 | 5,173,477 |
| Cerro Diablo gold-silver | 58,423 | 55,082 |
| Cerro Bayo | 2,093,325 | - |
| Net Book Value | <u>6,895,276</u> | <u>5,228,559</u> |
| Los Domos gold-silver | | |
| Carrying amount at the beginning of the year | 5,173,477 | 3,650,684 |
| Additions | 435,360 | 1,441,309 |
| Impairment | - | - |
| Foreign currency translation movement | (865,309) | 81,484 |
| Balance carried forward | <u>4,743,528</u> | <u>5,173,477</u> |
| Cerro Diablo gold-silver | | |
| Carrying amount at the beginning of the year | 55,082 | 38,597 |
| Additions | 13,507 | 15,603 |
| Impairment | - | - |
| Foreign currency translation movement | (10,166) | 882 |
| Balance carried forward | <u>58,423</u> | <u>55,082</u> |
| Cerro Bayo | | |
| Carrying amount at the beginning of the year | - | - |
| Additions | 2,292,035 | - |
| Impairment | - | - |
| Foreign currency translation movement | (198,710) | - |
| Balance carried forward | <u>2,093,325</u> | <u>-</u> |
| Net book value | <u>6,895,276</u> | <u>5,228,559</u> |

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

| | 2020 \$ | 2019 \$ |
|-------------------------------------|----------------|----------------|
| 11. TRADE AND OTHER PAYABLES | | |
| Current liabilities | | |
| Trade creditors and accruals | 319,696 | 180,356 |
| Employee leave entitlements | 33,046 | 9,987 |
| | <u>352,742</u> | <u>190,343</u> |

12. ISSUED CAPITAL (Cont.)

(b) Share Options

During the year ended 30 June 2020, the Company granted 35,000,000 options to the Managing Director (2019 option nil).

On 14 October 2019, 15,000,000 unlisted options were granted to the Managing Director ('MD') as follows:

| | Number of options | Exercise price | Vesting | Expiry Date | Fair Value per Option at Grant Date | Fair Value |
|-----------|-------------------|----------------|-------------|------------------|-------------------------------------|------------|
| Tranche 1 | 5,000,000 | \$0.03 | Immediately | 13 November 2020 | \$0.0067 | \$33,500 |
| Tranche 2 | 5,000,000 | \$0.05 | Immediately | 13 November 2021 | \$0.0086 | \$43,000 |
| Tranche 3 | 5,000,000 | \$0.07 | Immediately | 13 November 2023 | \$0.0118 | \$59,000 |

The fair value of the options granted on 14 October 2019 to the MD was \$135,500. The Black-Scholes formula model inputs were the Company's share price of \$0.0155 at the grant date, a volatility factor of 152.6% based on historical share price performance and a risk-free interest rate of 0.71% based on the 2-year government bond rate.

On 29 November 2019, 20,000,000 unlisted options were granted to the Managing Director as follows:

| | Number of options | Exercise price | Vesting | Expiry Date | Fair Value per Option at Grant Date | Fair Value |
|-----------|-------------------|----------------|-------------|------------------|-------------------------------------|------------|
| Tranche 1 | 6,666,666 | \$0.027 | Immediately | 13 November 2021 | \$0.0084 | \$56,000 |
| Tranche 2 | 6,666,667 | \$0.030 | Immediately | 13 November 2022 | \$0.0101 | \$67,333 |
| Tranche 3 | 6,666,667 | \$0.035 | Immediately | 13 November 2024 | \$0.0120 | \$80,000 |

The fair value of options granted on 29 November 2019 to the MD was \$203,333. The Black-Scholes formula model inputs were the Company's share price of \$0.014 at the grant date, a volatility factor of 149.46% based on historical share price performance and a risk-free interest rate of 0.65% based on the 3-year government bond rate.

As the options are not subject to vesting conditions, the total grant date fair value of \$338,833 has been recognised as an expense in the year ended 30 June 2020. The expense has been included in "employee, director and consultants costs" in the income statement.

The following unlisted options were on issue as at 30 June 2020:

| Opening Balance 1 July 2019 Number | Exercise Price \$ | Granted during the year Number | Exercised/Expired during the year Number | Closing Balance 30 June 2020 Number |
|------------------------------------|-------------------|--------------------------------|--|-------------------------------------|
| - | 0.030 | 5,000,000 | - | 5,000,000 |
| - | 0.050 | 5,000,000 | - | 5,000,000 |
| - | 0.070 | 5,000,000 | - | 5,000,000 |
| - | 0.027 | 6,666,666 | - | 6,666,666 |
| - | 0.030 | 6,666,667 | - | 6,666,667 |
| - | 0.035 | 6,666,667 | - | 6,666,667 |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

| | 2020 \$ | 2019 \$ |
|--|--------------------|------------------|
| 13. RESERVES | | |
| Fair value reserve (a) | 402,161 | 745,532 |
| Foreign currency translation reserves (b) | (1,234,022) | (203,983) |
| Equity based compensation reserve (c) | 338,833 | - |
| | (493,028) | 541,549 |
| Movements during the period: | | |
| (a) Fair value reserve | | |
| Balance at beginning of period | 745,532 | 672,105 |
| Net change in fair value | (343,371) | 73,427 |
| Balance at end of period | 402,161 | 745,532 |
| (b) Foreign currency translation reserves | | |
| Balance at beginning of period | (203,983) | (269,665) |
| Currency translation differences | (1,030,039) | 65,682 |
| Balance at end of period | (1,234,022) | (203,983) |
| (c) Equity based compensation reserve | | |
| Balance at beginning of period | - | - |
| Share based payment – vested share options | 338,833 | - |
| Exercised options | - | - |
| Balance at end of period | 338,833 | - |

Nature and purpose of reserves

Fair value reserve:

The fair value reserve comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

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.

Equity based compensation reserve:

The equity based compensation reserve is used to record the options issued to directors and executives of the Company as compensation.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

14. LOSS PER SHARE

Basic and diluted loss per share has been calculated using:

| | 2020 \$ | 2019 \$ |
|--|--------------------|------------------|
| Net loss for the year attributable to equity holders of the parent | <u>(1,728,160)</u> | <u>(942,751)</u> |

Weighted average number of ordinary shares (basic and diluted)

| | | |
|---|-----------------------------|---------------------------|
| Issued ordinary shares at beginning of year | 897,276,863 | 754,364,363 |
| Effect of shares issued (Note 12) | <u>395,411,400</u> | <u>96,580,941</u> |
| Weighted average ordinary shares at the end of the year | <u><u>1,292,688,263</u></u> | <u><u>850,945,304</u></u> |

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

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities

| | | |
|-------------------|--------------------|------------------|
| Loss for the year | <u>(1,729,651)</u> | <u>(942,751)</u> |
|-------------------|--------------------|------------------|

Non-cash items

| | | |
|---------------------------------------|----------|---------|
| Other income | (15,851) | - |
| Provisions for employee entitlements | 23,059 | 248 |
| Share based payments | 338,833 | - |
| Foreign currency exchange loss/(gain) | (3,540) | (1,837) |

Changes in assets and liabilities

| | | |
|--|---------------------------|-------------------------|
| Decrease/(increase) in receivables | (293) | 4,582 |
| Decrease/(increase) in other assets | - | - |
| (Decrease)/Increase in payables | <u>96,905</u> | <u>46,648</u> |
| Net cash used in operating activities | <u>(1,290,538)</u> | <u>(893,110)</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><u>1,304,130</u></u> | <u><u>398,819</u></u> |
|---------------------------|-------------------------|-----------------------|

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

16. 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 2020 and 2019, 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.

17. 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.

| | 2020 | 2019 |
|--|----------------|----------------|
| | \$ | \$ |
| Key management personnel compensation | | |
| Primary fees/salary | 455,167 | 228,232 |
| Superannuation | 39,203 | 13,983 |
| Share based payment | 338,833 | - |
| Short term benefits | 23,059 | - |
| | <u>856,262</u> | <u>242,215</u> |

At 30 June 2020 no fees were outstanding (2019 – \$7,500). There were no loans made to key management personnel or their related parties during the 2020 and 2019 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.

18. SHARE BASED PAYMENT

During the year the Company granted 35,000,000 unlisted options to the Managing Director under no specific plan to acquire options over unissued ordinary shares in the Company (2019 – Nil). The options have no voting or dividend rights. The options vested immediately on Grant Date and there are no vesting conditions attached to the options issued. Any options not exercised by the expiry date will lapse automatically.

The terms and conditions of the options held by key management personnel during the year ended 30 June 2020 are as follows:

| Grant date | Expiry date | Vesting date | Exercise price | Fair value of options granted \$ | Total granted Number | Total Exercised Number | Balance at end of the period Number |
|------------------|------------------|------------------|----------------|----------------------------------|----------------------|------------------------|-------------------------------------|
| 14 October 2019 | 13 November 2020 | 14 October 2019 | \$0.030 | 33,500 | 5,000,000 | - | 5,000,000 |
| 14 October 2019 | 13 November 2021 | 14 October 2019 | \$0.050 | 43,000 | 5,000,000 | - | 5,000,000 |
| 14 October 2019 | 13 November 2023 | 14 October 2019 | \$0.070 | 59,000 | 5,000,000 | - | 5,000,000 |
| 29 November 2019 | 13 November 2021 | 29 November 2019 | \$0.027 | 56,000 | 6,666,666 | - | 6,666,666 |
| 29 November 2019 | 13 November 2022 | 29 November 2019 | \$0.030 | 67,333 | 6,666,667 | - | 6,666,667 |
| 29 November 2019 | 13 November 2024 | 29 November 2019 | \$0.035 | 80,000 | 6,666,667 | - | 6,666,667 |

Movement of options in the equity based compensation reserve during the year

| | Number of options 2020 | Weighted average exercise price 2020 | Number of options 2019 | Weighted average exercise price 2019 |
|-------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
| Outstanding | 35,000,000 | \$0.039 | - | - |

The equity based compensation reserve is used to record the options issued to directors and executives of the Company as compensation. Options are valued using the Black-Scholes option pricing model.

The weighted average remaining contractual life of share options outstanding at the end of the year in the equity based compensation reserve was 2.28 years (2019 – nil).

During the year, no ordinary shares were issued as a result of the exercise of options granted to Directors (2019 – nil).

19. 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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

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 \$1,304,130 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 2020 | 319,696 | (319,696) | (319,696) | - | - | - |
| 30 June 2019 | 180,356 | (180,356) | (180,356) | - | - | - |

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:

| | 2020 \$ | 2019 \$ |
|---------------------------|------------------|----------------|
| Cash and cash equivalents | 1,304,130 | 398,819 |
| Receivables | 14,806 | 14,513 |
| | <u>1,318,936</u> | <u>413,332</u> |

Cash and cash equivalents

At 30 June 2020, the Group held cash and cash equivalents of \$1,304,130 (2019: \$398,819), 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 2020, the Group does not hold a significant value of trade receivables, and therefore has minimal exposure to credit risk.

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

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:

| | 2020 | 2019 |
|---------------------------|------------------|----------------|
| | \$ | \$ |
| Cash and cash equivalents | <u>1,304,130</u> | <u>398,819</u> |

There are no fixed rate instruments (2019 - \$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 \$43,538 at 30 June 2020 (2019 – US\$63,624).

Sensitivity analysis

A 10% strengthening of the Australian dollar against the United States dollar at 30 June 2020 would have decreased post-tax profit and net assets of the Group by \$5,733. A 10% weakening of the Australian dollar against the United States dollar at 30 June 2020 would have an increased post-tax profit and net assets of the Group by \$7,008, on the basis that all other variables remain constant.

Exchange rates applied:

| | Reporting date spot rate | |
|---------|--------------------------|---------------|
| | 2020 | 2019 |
| AUD/USD | <u>0.6903</u> | <u>0.7023</u> |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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

Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the balance sheet as other financial assets.

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 | |
|------------------------------------|---------------------------|------------|------------------------|------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| Blox-Inc. - 10% bid price increase | - | - | 1,472 | 37,019 |
| Blox-Inc. - 10% bid price decrease | - | - | (1,339) | (33,652) |

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.

Financial instruments carried at fair value

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).

| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|---------------|---------------|---------------|-------------|
| Equity instruments at fair value through other comprehensive income | | | | |
| 30 June 2020 | - | 14,802 | - | 14,802 |
| 30 June 2019 | - | 370,179 | - | 370,179 |

The financial assets held at 30 June 2020 and 30 June 2019 relate to investments held in quoted equity securities and were designated as equity instruments at fair value through other comprehensive income.

20. 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 | |
|--|--------------------------|--------------------|--------|
| | | 2020 % | 2019 % |
| Hotrock Enterprises Pty Ltd (i) | Australia | 100 | 100 |
| Okore Mining Pty Ltd | Australia | 100 | 100 |
| Dataloop Pty Ltd | Australia | 100 | 100 |
| Equus Resources Pty Ltd (ii) | Australia | 100 | 100 |
| (i) Subsidiary of Hotrock Enterprises Pty Ltd | | | |
| Derrick Pty Ltd | Australia | 100 | 100 |
| Andean Coal Pty Ltd (iii) | Australia | 100 | 100 |
| (iii) Subsidiary of Andean Coal Pty Ltd | | | |
| Minera Carbones Del Sur Limitada | Chile | 99.9 | 99.9 |
| (ii) Subsidiary of Equus Resources Pty Ltd | | | |
| Equus Resources Chile SpA (iv) | Chile | 100 | 100 |
| Minera Equus Chile Ltda | Chile | 0.1 | 0.1 |
| Southern Gold SpA (v) | Chile | 100 | 100 |
| (iv) Subsidiary of Equus Resources Chile SpA | | | |
| Minera Equus Chile Ltda | Chile | 99.9 | 99.9 |
| (v) Subsidiary of Southern Gold SpA | | | |
| Equus Patagonia SpA | Chile | 75 | - |

21. COMMITMENTS

Exploration expenditure commitments

The Group does not have any minimum expenditure commitments in relation to its mineral interests in the Los Domos Gold-Silver project or Cerro Diablo project at the date of this report.

22. SUBSEQUENT EVENTS

On 20 July 2020, the Company announced a placement to institutional investors to raise up to \$3.5 million by the issue of 388,888,889 shares at an issue price of \$0.009. The placement is made up of two tranches, tranche one completed on 28 July 2020 raised \$3,139,977 before costs by the issue of 348,886,300 ordinary shares. For tranche two, the Company obtained approval at a shareholders' meeting held on 16 September 2020 for the issue of 40,002,589 ordinary shares at \$0.009 and raised \$360,023 before costs.

On 16 September 2020, following the approval by shareholders the Company granted 388,888,889 free attaching unlisted options on a 1 for 1 basis to the investors and Directors who participated in the placement. The options are exercisable at \$0.015 per share vesting on Grant Date and expiring in three years from Grant date.

On 16 September 2020, following the approval by shareholders the Company granted 15,000,000 unlisted options to Brokers of the placement under the same terms and conditions to the options granted to the investors who participated in the Placement.

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.

Notes to the Consolidated Financial Statements

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23. 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 2020, the Group operated in the mineral exploration within the geographical segments of Australia and Chile. The Company holds shares in Blox Inc., a US over the counter traded company and has concluded that during the year ended 30 June 2020, to recognise the investment in Blox Inc., as a separate operating segment.

| | Mineral Exploration \$ | Investing \$ | Total \$ |
|--|---------------------------|-----------------|-------------|
| 30 June 2020 | | | |
| External revenues | - | - | - |
| Reportable segment profit /(loss) before tax | (239,710) | - | (239,710) |
| Interest income | 12 | - | 12 |
| Interest expense | - | - | - |
| Reportable segment assets | 7,017,624 | 14,802 | 7,032,426 |
| Reportable segment liabilities | 220,115 | - | 220,115 |
| 30 June 2019 | | | |
| External revenues | - | - | - |
| Reportable segment profit /(loss) before tax | (110,170) | - | (110,170) |
| Interest income | 98 | - | 98 |
| Interest expense | - | - | - |
| Reportable segment assets | 5,257,625 | 370,179 | 5,627,804 |
| Reportable segment liabilities | 74,846 | - | 74,846 |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

23. OPERATING SEGMENTS (Cont.)

| | 2020 | 2019 |
|--|-------------|-----------|
| | \$ | \$ |
| Reconciliations of reportable segment revenues and profit or loss | | |
| Revenues | | |
| Total revenue for reportable segments | - | - |
| Total revenue unallocated | - | - |
| Consolidated revenue | - | - |
| Profit or loss | | |
| Total loss for reportable segments | (239,710) | (110,170) |
| Unallocated amounts: | | |
| Other income | 50,000 | - |
| Net finance income | 16,087 | 12,918 |
| Net other corporate expenses | (1,556,028) | (845,499) |
| Consolidated loss before tax from continuing operations | (1,729,651) | (942,751) |
| Assets | | |
| Total assets for reportable segments | 7,032,426 | 5,627,804 |
| Unallocated corporate assets | 1,196,588 | 384,266 |
| Consolidated total assets | 8,229,014 | 6,012,070 |
| Liabilities | | |
| Total liabilities for reportable segments | 220,115 | 74,846 |
| Unallocated corporate liabilities | 132,627 | 115,497 |
| Consolidated total liabilities | 352,742 | 190,343 |

Geographical information

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

| | 2020 | | 2019 | |
|--------------------------|---------|-----------------------|----------|-----------------------|
| | Revenue | Non-current assets | Revenues | Non-current assets |
| | \$ | \$ | \$ | \$ |
| Australia | - | - | - | - |
| Chile | - | 6,895,276 | - | 5,228,559 |
| United States of America | - | 14,802 | - | 370,179 |

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

24. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 30 June 2020 the parent entity of the Group was Equus Mining Limited.

| | Company | |
|--|--------------------|-------------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Result of the parent entity | | |
| Net (loss)/profit | (1,449,738) | (819,831) |
| Other comprehensive income | - | - |
| Total comprehensive profit/(loss) | (1,449,738) | (819,831) |
| | | |
| Financial position of the parent entity at year end | | |
| Current assets | 1,196,588 | 384,266 |
| Non-current assets | 19,520,844 | 16,965,171 |
| Total assets | 20,717,432 | 17,349,437 |
| | | |
| Current liabilities | 132,625 | 115,497 |
| Non-current liabilities | - | - |
| Total liabilities | 132,625 | 115,497 |
| Net assets | 20,584,807 | 17,233,940 |
| | | |
| Equity | | |
| Share capital | 121,182,362 | 116,371,683 |
| Accumulated losses | (101,316,549) | (99,866,811) |
| Reserve | 718,994 | 729,068 |
| Total equity | 20,584,807 | 17,233,940 |

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

1. In the opinion of the Directors of Equus Mining Limited (the 'Company'):
 - (a) the consolidated financial statements and notes there to, set out on pages 31 to 60, and the Remuneration Report as set out on pages 24 to 28 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 2020 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 2020.
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 30th day of September 2020 in accordance with a resolution of the Board of Directors:



Mark H. Lichtenberg
Non-Executive Chairman



John R. Braham
Managing Director



Independent Auditor's Report

To the shareholders 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 2020 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 2020;
- 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.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



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 significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the 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. This included:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections. We specifically checked the cash flow projections were updated for COVID-19 implications to the business based on credible and authoritative sources, 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, economic and expected market conditions due to COVID-19;
- Assessing significant non-routine forecast cash inflows and outflows 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' meeting minutes and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional shareholder funds particularly in considering the expected market conditions due to COVID-19, 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 and COVID-19 implications for the Group, 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**.

Independent Auditor's Report



| Exploration and evaluation expenditure (\$6,895,276) | |
|---|--|
| Refer to Note 10 to the Financial Report | |
| The key audit matter | How the matter was addressed in our audit |
| <p>Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the activity to the Group's business and the balance (being 84% 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 <i>Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and the presence of impairment indicators. The compliance with these requirements necessitates a detailed analysis by the Group and therefore gives criticality to the scope and depth of our work. We involved senior team members to challenge the Group's determination of its compliance with the accounting standard. <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on:</p> <ul style="list-style-type: none"> • The determination of the areas of interest (areas); • Documentation available regarding rights to tenure, via licencing, and compliance with relevant conditions to maintain current rights to an area of interest; • The Group's intention and capacity to continue the relevant E&E activities; and • The Group's determination of whether the E&E meets the carry forward conditions of AASB 6 including whether the E&E is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. <p>In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas of interest where significant capitalised E&E exists. In addition to the</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> • 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 directors' 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 obtained project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas with E&E, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding; |



| | |
|---|--|
| <p>assessments above, we paid particular attention to:</p> <ul style="list-style-type: none"> • The strategic direction of the Group and its intent to continue exploration activities in each area of interest; • The ability of the Group to fund the continuation of activities in each area of interest; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area of interest. | <ul style="list-style-type: none"> • 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 tenure and documented planned future activities, considering the results of exploration programmes completed to date, and discussion with management. |
|---|--|

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; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2020, 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 24 to 28 of the Directors' report for the year ended 30 June 2020.

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

KPMG

Jason Adams
Partner

Brisbane
30 September 2020

Additional Stock Exchange Information

Additional information as at 21 September 2020 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 and Optionholders

The total distribution of fully paid shareholders and Optionholders as at 21 September 2020 was as follows:

| Range | Total Shareholders | Total Number of Shares | Total Optionholders | Total Number of Options |
|------------------|--------------------|------------------------|---------------------|-------------------------|
| 1 - 1,000 | 264 | 115,409 | - | - |
| 1,001 - 5,000 | 292 | 820,302 | - | - |
| 5,001 - 10,000 | 260 | 2,335,679 | - | - |
| 10,001 - 100,000 | 1,223 | 51,110,727 | - | - |
| 100,001 and over | 944 | 1,746,552,127 | 85 | 438,888,889 |
| Total | 2,983 | 1,800,934,244 | 85 | 438,888,889 |

Less than Marketable Parcels

On 21 September 2020, 1,304 shareholders held less than marketable parcels of 27,778 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 |
|--|---------------------------|
| Tribeca Investment Partners Pty Ltd | 111,111,111 |
| Gerard C Toscan Management Pty Limited | 117,483,132 |

Additional Stock Exchange Information

Twenty Largest Shareholders

As at 21 September 2020, the twenty largest quoted shareholders held 43.06% of the fully paid ordinary shares as follows:

| | Name | Number | % |
|----|--|-------------|------|
| 1 | Citicorp Nominees Pty Limited | 139,504,683 | 7.75 |
| 2 | USB Nominees Pty Ltd | 82,277,802 | 4.57 |
| 3 | Mark Hamish Lochtenberg & Michael Lochtenberg <The Rigi Super Fund A/C> and Rigi Investments Pty Ltd <The Cape> | 63,110,762 | 3.50 |
| 4 | Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C> | 63,103,049 | 3.50 |
| 5 | Permgold Pty Ltd | 46,627,420 | 2.59 |
| 6 | Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No2 A/C> | 41,530,463 | 2.31 |
| 7 | Terrane Minerals SpA | 41,417,075 | 2.30 |
| 8 | Palisades Goldcorp Ltd | 40,000,000 | 2.22 |
| 9 | HSBC Custody Nominees (Australia) Limited | 35,580,546 | 1.98 |
| 10 | Perrin Legal Pty Ltd <Super Fund A/C> | 26,289,792 | 1.46 |
| 11 | JP Morgan Nominees Australia Pty Limited | 21,337,623 | 1.18 |
| 12 | DRYCA Pty Ltd <DRYC Employees Ret/F A/C> | 21,000,059 | 1.17 |
| 13 | Ringwood Management Pty Limited <Ringwood Super Fund A/C> | 21,000,000 | 1.17 |
| 14 | John Wardman & Associates Pty Ltd <The Wardman Super Fund A/C> | 20,000,000 | 1.11 |
| 15 | Altinova Nominees Pty Ltd | 20,000,000 | 1.11 |
| 16 | GP Securities Pty Ltd | 18,000,000 | 1.00 |
| 17 | Calama Holdings Pty Ltd <Mambat Super Fund A/c> | 17,775,106 | 0.99 |
| 18 | Jamie Muspratt | 16,248,179 | 0.90 |
| 19 | Sambas Energy Pty Ltd | 16,000,000 | 0.89 |
| 20 | Rosignol Pty Ltd <Nightingale Family A/C> | 15,750,000 | 0.87 |

Substantial Optionholders In The Company

As at 21 September 2020, the twenty largest optionholders that held 20% or more of the unquoted options.

| | Name | Unlisted Options Quantity | % |
|---|----------------------|------------------------------|-------|
| 1 | USB Nominees Pty Ltd | 91,825,017 | 20.92 |

Escrow securities

As at 21 September 2020, there were escrow securities.

Group Mineral Concession Interests at 21 September 2020

The Company provides the following information regarding its mining tenements:

| Project | Location | Tenement | Ownership | % interest | Type of Tenement |
|------------------|---------------------|--------------------|-----------------------------|-----------------------------|-------------------|
| Los Domos | Chile | Electrum 3A 1-24 | Southern Gold SpA | 100 | Mining Concession |
| | Chile | Electrum 4A 1-26 | Southern Gold SpA | 100 | Mining Concession |
| | Chile | Electrum 5A 1-42 | Southern Gold SpA | 100 | Mining Concession |
| | Chile | Electrum 6A 1-32 | Southern Gold SpA | 100 | Mining Concession |
| | Chile | Electrum 7A 1-44 | Southern Gold SpA | 100 | Mining Concession |
| | Chile | Electrum 6A | Southern Gold SpA | 100 | Exploration |
| | Chile | Electrum 7A | Southern Gold SpA | 100 | Exploration |
| | Chile | Electrum 8 | Southern Gold SpA | 100 | Exploration |
| | Chile | Electrum 10 | Southern Gold SpA | 100 | Exploration |
| | Chile | Electrum 11 | Southern Gold SpA | 100 | Exploration |
| | Chile | Pedregoso I 1-30 | Equus Patagonia SpA | 75 | Mining Concession |
| | Chile | Pedregoso VII 1-30 | Equus Patagonia SpA | 75 | Mining Concession |
| | Chile | Honda 20 1-20 | Equus Patagonia SpA | 75 | Mining Concession |
| | Cerro Diablo | Chile | Diablo 1 | Minera Equus Chile Limitada | 100 |
| Chile | | Diablo 2 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 3 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 4 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 5 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 6 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 7 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 8 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 9 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 10 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 11 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 12 | Minera Equus Chile Limitada | 100 | Exploration |
| Chile | | Diablo 13 | Minera Equus Chile Limitada | 100 | Exploration |



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened. The meeting will be held on Wednesday 25 November 2020 at 11 am Daylight Saving Time (EDST). Due to the continuing developments concerning coronavirus (COVID19), the health and safety of our shareholders and employees being of paramount importance, continuing restrictions on large gatherings, it is not feasible or advisable for shareholders to physically attend this General Meeting. Accordingly, the General Meeting will be made accessible to shareholders via a live webcast as well as an online platform. These processes are set out in this notice of meeting.

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 2020.

Resolution 1 Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following as a **non-binding resolution**:

'That the Remuneration Report for the year ended 30 June 2020 be and is hereby adopted.'

Resolution 2 Re-election of Dr Robert Ainslie Yeates as a Director

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

'That Robert A. Yeates having retired in accordance with clause 3.6 of the Company's Constitution and the Listing Rules, and being eligible, offers himself for re-election as a Director of the Company.'

Resolution 3 Re-election of Mr Damien J. Koerber as a Director

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

'That Damien J. Koerber who was appointed during the year retires in accordance with clause 3.5 of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company.'

Resolution 4 Approval to issue Unlisted Options to John Braham

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 20,000,000 Options to John Braham or his nominee on the terms and conditions set out in the Explanatory Statement."

Resolution 5 Approval to issue Unlisted Options to Damien Koerber

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 5,000,000 Options to Damien Koerber or his nominee on the terms and conditions set out in the Explanatory Statement.”

Resolution 6 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

23 October 2020

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 on Wednesday, 25 November 2020 at 11 am 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 2020 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 2020 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

The company will disregard any votes cast on Resolution 1 (in any capacity, whether as proxy or as shareholder) by any of the following persons:

Key Management Personnel and Closely Related Parties of Key Management Personnel.

However, the Company need not disregard a vote if it is:

- Cast by a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; or
- Cast by the chair of the Meeting as proxy or attorney appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; or
- Cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - The holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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 Dr Robert Ainslie Yeates

In accordance with clause 3.6 of the Company's Constitution, a Director must not hold office without re-election past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. A Director who retires in accordance with these requirements is eligible for re-election. Dr Robert Yeates retires by rotation and, being eligible, offers himself for re-election.

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

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

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 20 years has been principal of his own mine management consultancy, providing a wide range of technical, management and strategic planning services to the mining industry. Until 2014 he was also Project Director then CEO of Newcastle Coal Infrastructure Group, which has developed and is operating coal export facilities in Newcastle.

Dr Yeates was until 2015 and for the prior ten years a director in ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited), and from 2016 to 2019 he was a director of Watagan Mining Ltd and from 2018 to early 2020 was a director of Montem Resources Limited.

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 Re-election of Mr Damien Koerber

In accordance with Article 3.5 of the Company's Constitution and the Corporations Act, Damien Koerber who was appointed as a Director during the year retires in accordance with these requirements and, being eligible, offers himself for re-election.

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

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

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

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

The Directors recommend that you vote IN FAVOUR of Resolution 3.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 3.

Resolutions 4 and 5 Issue of unlisted options to Mr John Braham and Mr Damien Koerber

For the purposes of Chapter 2E of the Corporations Act, Messrs Braham and Koerber are related parties of the Company. Resolutions 4 and 5 relates to a proposed issued of options to Messrs Braham and Koerber (or entities related to them or in which they have an indirect interest), which is a financial benefit that requires Shareholder approval for the purposes of section 208 of the *Corporations Act*.

The Company has agreed, subject to obtaining shareholder approval to issue 20,000,000 Options to Mr Braham and 5,000,000 Options to Mr Koerber or their nominees. The Board considers that it is reasonable for the remuneration of directors to have a cash component and an equity component to further align directors' interests with those of Shareholders. The Board believes that the issue of the options to Directors provides a reasonable, appropriate and cost-effective method of remunerating Directors by providing an equity-based incentive for their ongoing commitment and contribution to the Company in their roles as Directors and when required as members of a Committee.

Information Requirements - Listing Rules 10.11 and 10.13

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company must not issue or agree to issue equity securities to:

- a related party (Listing Rule 10.11.1);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company (Listing Rule 10.11.2);

- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a Director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its Shareholders.

The proposed issue of Options under Resolutions 4 and 5 will be to parties who fall within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It, therefore, requires the approval of Shareholders under Listing Rule 10.11.

If Resolutions 4 and 5 are passed, the Company will be able to proceed with the issue of the Options to Directors. If all of the Options to Directors are exercised the Company will receive \$616,666 in exercise monies.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the issue of the Options to Directors or their nominees and the Company will not receive up to \$616,666 in exercise monies.

If approval is given for the grant of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1 in accordance with Listing Rule 7.2 Exception 14

Details of the issue, as required by ASX Listing Rule 10.13

- Names of the allottees: Resolution 4 the options to be issued to John Braham or his nominee;
Resolution 5 the options to be issued to Damien Koerber or his nominee.
- The category under Listing Rule 10.11: John Braham (Resolution 4) and Damien Koerber (Resolution 5) are Directors of the Company and therefore related parties under Listing Rule 10.11.1
Mr Braham and Mr Koerber both received an annual salary of \$200,000 and statutory superannuation of 9.5%. The options provide an incentive to align the Director's interest with those of Shareholders.
- The number and class of securities to be issued: The options will be issued as follows:
 - John Braham or his nominee 20,000,000 options; and
 - Damien Koerber or his nominee 5,000,000 options.
- Terms: The full terms and conditions of the Options to be issued under Resolutions 4 and 5 are set out in Appendix "B" on page 9.
Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share. The options vest on Grant Date and are exercisable at any time before the Expiry Date.
- Allotment date: The options will be issued no later than 1 month after the date of the Annual General Meeting and it is intended that issue will occur on the same date.
- Issue price: Nil for the Options, as the Options are being issued as equity remuneration to directors.
- Exercise price: 8,333,332 options at \$0.022 per share;
8,333,334 options at \$0.025 per share; and
8,333,334 options at \$0.027 per share;
- Vesting dates: Immediately following shareholder approval of the grant of options.
- Expiry date: For the \$0.022 options the expiry date is 25 November 2023;
For the \$0.025 options the expiry date is 25 November 2024;
For the \$0.027 options the expiry date is 25 November 2025.
- Use of the funds: No funds will be raised from the issue of the options. The options are issued to remunerate directors and any funds raised on exercise will be applied towards insuring Equus is well funded to continue the drilling and resource evaluation programs at Cerro Bayo aiming to develop a JORC compliant resource at the Cerro Bayo Project in Chile and for general corporate and working capital purposes.

Voting Exclusion Statement

The Company will disregard any votes cast in favour on Resolution 4 by or on behalf of

- John Braham or an associate of John Braham or any other person who is to receive the securities and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of Resolution 4 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors recommend that you vote IN FAVOUR of Resolution 4.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 4.

Voting Exclusion Statement

The Company will disregard any votes cast in favour on Resolution 5 by or on behalf of

Damien Koerber or an associate of Damien Koerber or any other person who is to receive the securities and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of Resolution 5 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors recommend that you vote IN FAVOUR of Resolution 5.

The Chair of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 5.

Resolution 6 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. Listed entities with a market cap of \$300 million or less are eligible to seek shareholder approval under Listing Rule 7.1A and the Company's approximate market cap at the time of this Notice of Meeting is \$ 23.4 million.

Resolution 6, 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:

If resolution 6 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1

(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 annual general meeting at which the approval is obtained.
- (ii) The time and date of the entity's next annual general meeting.
- (iii) The time and date of the approval by shareholders of the Company's of a transaction under 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) The 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 securities on issue at the commencement of the relevant period being 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary shares issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (ii) plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - The convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - The issue of, or agreement to issue, the convertible securities was approved or taken under these rules to have been approved, under rule 7.1 or rule 7.4;
- (iii) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - The agreement was entered into before the commencement of the relevant period ; or
 - The agreement or issue was approved, or taken under these rules to have approved, under rule 7.1 or rule 7.4
- (iv) plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4;
- (v) plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- (vi) less the number of fully paid ordinary securities cancelled in the relevant period.

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 notice of meeting, that can be issued under the 10% Placement Facility is 180,093,424. The Company's current capacity to issue securities as at the date of this notice meeting pursuant to listing rule 7.1 is 270,140,136.

(d) Minimum Issue Price

The minimum issue price of equity securities when issued for cash a consideration 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 10 trading days of the date in paragraph (i) above, the date on which the securities are issued.

(e) Risk of Economic and Voting Dilution

If Resolution 6 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 \$0.007 | Current Approximate Market Price \$0.013* | 50% Increase in Current Approximate Market Price \$0.020 |
| Current Variable A 1,800,934,244 shares | 9.09% 180,093,424 Shares | \$1,170,607 | \$2,341,215 | \$3,511,822 |
| 50% increase in current Variable A 2,701,401,366 shares | 13.04% 270,140,137 Shares | \$1,755,911 | \$3,511,822 | \$5,267,733 |
| 100% increase in current Variable A 3,601,868,488 shares | 16.67% 360,186,849 shares | \$2,341,215 | \$4,682,429 | \$7,023,644 |

*The current approximate market price of \$0.013 was the closing price as at 6 October 2020.

As an example, if Variable A is increased to 3,601,868,488 shares, the 10% Placement Facility capacity is 360,186,849 shares and therefore the dilution of existing shares as at the date of the AGM, being 1,800,934,244 shares, is calculated as:

$$360,186,849 \div (1,800,934,244 + 360,186,849) = 16.67\%$$

(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

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;
- (iv) advice from corporate, financial and broking advisers (if applicable);
- (v) the intention to raise fund during the period of the mandate; and
- (vi) the number of issues it intends to make under the mandate and the time frame over which they will be made.

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 2019 Annual General Meeting, The Company issued a total of 140,874,497 ordinary fully paid shares under Listing Rule 7.1A in the 12 months preceding the date of this Notice of Annual General Meeting which based on the number of Equity Securities on issue at the commencement of that period represents 10% of the Company's Equity Securities.

Further details of the issues of Equity Securities by the Company during the 12 months period preceding the date of this notice of meeting are set out in Appendix "A" on page 8 of this Explanatory Memorandum.

Information relating to the issue of Equity Securities in the preceding 12 months under Listing Rule 7.1A is as follows:

- Number of securities issued: 140,874,497;
- Class of securities issued: Ordinary fully paid shares;
- Issued of the Securities: To professional and sophisticated investors.
- Issue price: 140,874,497 shares were issued at \$0.009 per share and the closing price on the date of the issue was \$0.012.
- The issue was for cash: The total cash consideration received was \$1,267,870 during July 2020, the cash will be used to continue with the drilling and resource evaluation programs at Cerro Bayo and for general corporate and working capital purposes.

Voting Exclusion:

The Company will disregard any votes cast on Resolution 6 by or on behalf of any persons or any associates of those persons who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Directors recommend that you vote IN FAVOUR of Resolution 6.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 6.

Appendix "A"

Issue of Equity Securities since 27 November 2019 Under Listing Rule 7.1A

| Date | Number of Equity Securities | Class of Equity Securities and summary of terms | Names of recipients or basis on which recipients determined | Issue price of Equity Securities and discount to the closing price on the date of issue | Form of Consideration |
|--------------|------------------------------------|--|--|--|---|
| 28 July 2020 | 140,874,497 | Ordinary shares | To professional and sophisticated investors identified by the Lead Manager of the offer, Taylor Collison Limited pick through their network (none of whom were related parties of the Company under Listing Rule 10.1 or 10.11 and none are material investors as defined in section 7.4 of Guidance Note 21). | \$0.009 Represent a discount of 25.0% to the market price | The cash consideration of \$1,267,870 before costs the cash will be used to continue with the drilling and resource evaluation programs at Cerro Bayo and for general corporate and working capital purposes. |

At the date of this notice, the Company holds 100% of the cash raised during July 2020 placement. The Cash held at 30 June 2020 was used to advance the Cerro Bayo project in Chile and for general corporate and working capital purposes.

Appendix “B”
Terms and Conditions of Options

1. Entitlement and Exercise Price

The Options entitle John Braham to subscribe for fully paid shares in the Company as follows:

- 6,666,666 options with an exercise price of \$0.022 per share;
- 6,666,667 options with an exercise price of \$0.025 per share; and
- 6,666,667 options with an exercise price of \$0.027 per share.

The Options entitle Damien Koerber to subscribe for fully paid shares in the Company as follows:

- 1,666,666 options with an exercise price of \$0.022 per share;
- 1,666,667 options with an exercise price of \$0.025 per share; and
- 1,666,667 options with an exercise price of \$0.027 per share.

2. Subject to paragraph 6 below:

Vesting and expiry date of the options

- 8,333,332 Options with an exercise price of \$0.022 per share; vesting immediately upon shareholder approval and expiring on 25 November 2023;
- 8,333,334 Options with an exercise price of \$0.025 per share; vesting immediately upon shareholder approval and expiring on 25 November 2024; and
- 8,333,334 Options with an exercise price of \$0.027 per share; vesting immediately upon shareholder approval and expiring on 25 November 2025;

3. Exercised Period

The Options not exercised on or before the Expiry Date will automatically lapse.

4. Notice of Exercise

The Options may be exercised at any time prior to the Expiry Date wholly or in part by delivering a duly completed form of notice of exercise together with payment of the exercise price for each Option being exercised to the Company.

5. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds.

6. If the holder has acted fraudulently, dishonestly or in breach of its obligations to the Company (as determined by the Board, acting reasonably), then the Options shall lapse upon written notification to the holder.

7. Shares issued on exercise

All Shares allotted on the exercise of Options will rank equally in all respects with the Company’s then existing ordinary fully paid common Shares.

8. The Options will not be listed for official quotation on the ASX.

9. Participation in new issue

The holders of an Option may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue.

10. Change in exercise price

There will be no change to the exercise price of the Option or the number of Shares over which an Option is exercisable in the event of the Company making a pro-rata issue of shares or other securities to the holders of ordinary shares in the Company.

11. Timing of issue of shares on exercise

Within 15 Business Days after the Exercise Date, If the Company's Ordinary Shares are quoted by ASX, the Company must:

- (a) on the date that the Shares are allotted pursuant to the exercise of Options, apply for quotation of all Shares allotted;
- (b) on the date that the Shares are allotted pursuant to the exercise of Options and in relation to the allotted Shares, give to the ASX a written notice in accordance with section 708A(5)(e) of the Corporations Act and which complies with the requirements of section 708A(6) of the Corporations Act; and
- (c) perform such other acts or take such other actions to ensure the Shares that are allotted pursuant to the exercise of the Options are quoted by the ASX and freely tradeable.


12. Reconstruction of Capital


If prior to the Expiry Date there is a reorganisation of the issued capital of the Company, the rights of a holder of Options will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

13. Transferability

The Options are not transferable.

LODGE YOUR PROXY APPOINTMENT ONLINE

 **ONLINE PROXY APPOINTMENT**
www.advancedshare.com.au/investor-login

 **MOBILE DEVICE PROXY APPOINTMENT**
Lodge your proxy by scanning the QR code below, and enter your registered postcode.
It is a fast, convenient and a secure way to lodge your vote.

Important Note: Due to the continuing developments concerning coronavirus (COVID19), Shareholders are encouraged to consider participating in the Meeting virtually or voting by proxy rather than attending the Meeting in person.

2020 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Equus Mining Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the meeting **OR**  **PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.


or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including 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 the Company to be held online on **25 November 2020 at 11 am (EDST)** and at any adjournment or postponement of that Meeting.

Chair authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though this resolution is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chair. I/we acknowledge the Chair of the Meeting intends to vote all undirected proxies available to them in favour of each Resolution of Business.

VOTING DIRECTIONS

Resolutions

| | For | Against | Abstain* |
|---|--------------------------|--------------------------|--------------------------|
| 1 Adoption of the Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re-election of Dr Robert Ainslie Yeates as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Re-election of Mr Damien J. Koerber as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Approval to issue Unlisted Options to John Braham | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Approval to issue Unlisted Options to Damien Koerber | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

 * If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

COVID-19: EQUUS MINING LIMITED ANNUAL GENERAL MEETING

Due to the continuing developments concerning coronavirus (COVID19), the Company encourages Shareholders to consider participating in the Meeting virtually or voting by proxy rather than attending the Meeting in person.

To facilitate such participation, voting on each Resolution will occur by a poll rather than a show of hands.

A live webcast and electronic voting via www.advancedshare.com.au/virtual-meeting will be offered to allow Shareholders to listen to the Meeting and vote online. Please refer to the Meeting ID and Shareholder ID on the proxy form to login to the website.

Shareholders may submit questions ahead of the Meeting via the portal from **23 November 2020**.

More information regarding online participation at the Meeting is available in the Virtual Attendance Instructions accompanying the Notice of Meeting.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

CHANGE OF ADDRESS

This form shows your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite each resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on that resolution will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chair) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolution 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 1.

PLEASE NOTE: If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- Return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all shareholders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 11:00am (EDST) on 23 November 2020, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033