

# Equus Mining Ltd

## Well set to become a self-funded Au-Ag explorer

Equus Mining Ltd (ASX:EQE) is a junior precious metals explorer and miner focused on gold-silver assets in Southern Chile. The company has just completed the acquisition of the Cerro Bayo project from Mandalay Resources, which it originally optioned in 2019, and will now take control of 100% of the mine infrastructure, including the operational 0.5Mtpa Cerro Bayo flotation plant, stockpile processing, mining infrastructure, existing mineral resources and around 295km<sup>2</sup> of surrounding mining claims. The mining claim package hosts a current Inferred Mineral Resource of 302k Au equivalent ounces at 2.5g/t Au equivalent, and numerous high-potential, brownfields and greenfields exploration targets. In tandem with the acquisition, Equus is undertaking a one-for-20 share consolidation and has raised \$3.304mn at \$0.17/share (on a post-consolidation basis). The funds will be used to advance exploration and resource evaluation across the Cerro Bayo project and for working capital. The raise was done at a 6% discount to the five-day volume weighted average price of Equus's shares (on a pre-consolidation basis).

### History and projects

Equus Mining has a long history with Chile, initially focused on copper and coal tenements before acquiring the Los Dornos gold-silver project in 2016, adjacent to the Cerro Bayo mine. In 2019, the company executed an agreement with TSX-listed Mandalay Resources (TSX:MND) for a three-year option to acquire all of the mining properties, resources and infrastructure at the Cerro Bayo project in exchange for 19% of Equus' share capital at the time of the exercise and a 2.25% NSR on production from the Cerro Bayo mining claims, subject to a re-purchase option in favour of Equus. Throughout the Cerro Bayo mining property, there are nine historical mines which, between 1995-2017, produced approximately 0.65Moz Au and 45Moz Ag, with average grades of 2.81g/t Au and 196g/t Ag. The acquisition, which has now been completed, delivers a fully operational 0.5Mtpa processing plant currently processing low-grade stockpiles at a rate of about 40kt per month with an expansive 295km<sup>2</sup> mining claim package hosting current Inferred Mineral Resources of 302k Au equivalent at 2.5g/t Au equivalent (Taitao Pit) and; numerous prospective brownfields and greenfields exploration targets. Since recommissioning the 0.5Mtpa plant in February 2021, Mandalay has processed 311kt of ore at an average head grade of 0.52g/t Au and 29g/t Ag and generated net income for the nine months to September 2021 of US\$4.276mn. Equus is evaluating the potential for future higher-grade feedstock for the plant based on the Taitao Inferred Resource, the remnant resource at the Marcela Mine and potential extensions to mineralisation adjacent to the numerous other historic mines throughout the project area.

### Funds in hand to advance exploration and resource evaluation

In tandem with the Cerro Bayo acquisition, Equus has raised \$3.304mn, before costs, in a share placement at \$0.17/share to institutional and existing shareholders and undertaken a one-for-20 share consolidation. The company intends to use the funds from the raise to advance exploration and drill test a vast number of targets and for working capital. These targets include potential resource extensions at depth and along strike at the Taitao Pit; the Pegaso targets host potential extensions over a cumulative 3.5km length along trend from high-grade historic mines located 2km from plant infrastructure; and the Droughtmaster prospect which is a newly generated target located 12km south-east of the processing plant. Drill results from Pegaso received to date include 1.66m @ 2.88g/t Au and 152.25g/t Ag (5.22g/t Au equivalent) from 189.02m, and 2.77m @ 1.09g/t Au, 262.34g/t Ag (5.14g/t Au equivalent) from 55.95m. Droughtmaster drill results to date include 3.81m @ 20.4g/t Au and 55.5g/t Ag (21.25g/t Au equivalent) from 109m and 3.0m @ 9.17g/t Au, 172.9g/t Ag (11.83g/t Au equivalent) from 68.75m.

### Look to other precious metals explorers for peers

Precious metals explorer peers with a similar market capitalisation and/or focused on gold equivalent opportunities include Australian Gold and Copper, Austral Gold, Canterbury Resources (also a RaaS client), and Tesoro Resources. Equus' access to cashflows from the Cerro Bayo processing plant will, however, be a strongly differentiating feature for this company. We expect the peer group to evolve over time as Equus progresses its development options.

## Minerals and Metals

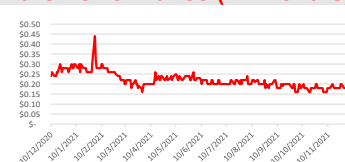
13 December 2021

### Share details

ASX code	EQE
Share price (13-Dec)	\$0.16
Market capitalisation	\$26.8M
Shares on issue (post-consolidation and raise*)	167.7M
Est. net cash post-raise	~\$5.6M

\*An additional 6.36m is subject to shareholder approval

### Share Performance (12 months)



### Upside Case

- Cerro Bayo delivers positive operating cashflow from processing low-grade
- Drilling programme focused on high grade vein targets close to existing infrastructure
- Maiden inferred resource within 1km of 0.5Mtpa flotation plant

### Downside Case

- Drilling programme fails to define significant resources to provide a significant LOM
- Gold/silver prices decline, reducing profitability
- Drilling programme is delayed due to COVID

### Catalysts

- Q3FY22 result delivers positive cashflows
- Drilling success in CY22

### Comparable Companies (Aust/NZ)

Australian Gold and Copper (ASX:AGC); Austral Gold (ASX:AGD); Canterbury Resources (ASX:CBY); Tesoro Resources (ASX:TSO)

### Board of Directors

Mark Lochtenberg	Non-Executive Chairman
John Braham	Managing Director
Damien Koerber	Executive Director/COO
Robert Yeates	Non-Executive Director
David Coupland	Non-Executive Director
Ryan Austerberry	Non-Executive Director

### Company Contact

John Braham (MD) +61 400 852 245  
jbraham@equusmining.com

### RaaS Contacts

Andrew Williams +61 417 880 680  
andrew.williams@raasgroup.com

Finola Burke +61 414 354 712  
finola.burke@raasgroup.com

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**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**



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Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto:finola.burke@raasgroup.com)

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