

## CHAIRMAN'S LETTER TO SHAREHOLDERS

**Equus Mining Limited** ('Equus' or 'Company') (**ASX: EQE**) is pleased to provide this letter from the Company Chairman Mr Mark H. Lochtenberg. The letter follows a transformational year for the Company in which the acquisition of Cerro Bayo Mining district took place.

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This announcement has been approved by the Managing Director, John Braham.

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Dear fellow shareholders,

It gives me great pleasure to provide you with this update as we reflect back on the year that was and look forward to what lies ahead for Equus in the year to come.

2021 was a transformational year for Equus in becoming a junior gold and silver producer and explorer. Exploration is now supported via an operational 100% owned processing plant producing positive cash flows from processing low grade stockpiles.

Reflecting on the year gone by, a milestone event occurred in February 2021 when Mandalay commenced processing these stockpiles after recommissioning the 0.5Mtpa Cerro Bayo flotation plant. The project delivered consistent and strong gold and silver production results at relatively low costs over the course of the year.

The positive cash flows from stockpile production reported by Mandalay provided Equus with valuable information on the ability of production to largely fund what the company views as compelling exploration and higher gold-silver grade resource development opportunities throughout the entire 295km<sup>2</sup> mining claim package. These positive aspects underpinned the decision to exercise the option and acquire 100% of the Cerro Bayo Project which occurred on 1 December 2021.

The Cerro Bayo plant was previously active from 1995 through to 2017 producing 645 koz gold & 45 Moz silver at an average grade of 2.81 g/t gold & 196 g/t silver. The historical production highlights the potential of both the plant and the surrounding exploration ground.

Equus sees enormous potential in its exploration targets and continues to be encouraged by its target generative and drill testing programs on its pipeline of highly prospective targets. Many of these are optimally located along trend of historic producing mines, within 3km of the processing plant and infrastructure. Equus is actively exploring what it believes to be compelling potential at our Pegaso, Taitao Pit and Droughtmaster targets, as well as mapping and sampling the >100 historically identified veins throughout the Cerro Bayo district. To date, the narrow high grade results from this drilling has provided confirmation of the potential for discovery of wider high-grade mineralisation both along trend and at depth at these targets.

Equus is concurrently evaluating the potential for higher grade feedstock from sources within close proximity of the 0.5Mtpa plant. These include the JORC 2012 compliant inferred resource at Taitao of 302koz gold equivalent at 2.5 g/t Au equivalent; the remnant NI 43.101 resource at the Marcela Mine (21.8KOz gold, 2.74 Moz oz silver with an average grade of 2.53 g/t gold, 318 g/t silver); and potential extensions to mineralisation adjacent to the numerous other historic mines throughout the Cerro Bayo Project.

We are delighted at the quality and dedication of the additions to our in-country technical and finance personnel, principally Mr John Sadek as Chile Country Manager, Mr Marcos Valencia as Resources Manager and Mr Richard Tapia as Chief Financial Officer. John Sadek holds a Bachelor of Engineering from the University of Sydney and brings with him over 35 years of international industry experience in operational, technical, managerial and executive roles. Marcos Valencia holds a degree in Geology and brings with him more than 20 years of experience in gold-silver resources and production including 10 years as Director of Resources for Yamana Gold. Richard Tapia holds a degree in Accounting and Auditing, International Accounting and Commercial Engineering and more than 20 years of experience as head of accounting and finance in international mining companies.

14 January 2022

We are greatly appreciative of your support through what was a pivotal period for the Company and I look forward to the upcoming year as we continue to drive further value for our loyal shareholder base. We especially value our in-country staff for their efforts and success achieved safely under challenging COVID related conditions during the past year.

Yours Sincerely



**Mark H. Lochtenberg**

Chairman

## CERRO BAYO PROJECT

The Company's Flagship Cerro Bayo Project is located in a premier epithermal gold-silver producing province from which historical production of 645Koz Gold and 45Moz Silver<sup>1</sup> was achieved at average grades of 2.81 g/t gold and 196 g/t silver up until the mine's temporary closure in mid-2017. The Cerro Bayo Project hosts an operational 0.5Mtpa processing plant and is located central to the approximate 350km<sup>2</sup> of prospective gold-silver claim holdings held by the company (Figure 1).

Equus is aggressively advancing drill testing of high priority brownfields and greenfields targets, many of which are located along trend of several key historic producing mines within 2km from the processing plant and infrastructure.



Figure 1 – Location plan of Equus Mining's Cerro Bayo mining district and other projects.

<sup>1</sup> Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699