

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened at Level 5, 56 Pitt Street, Sydney, NSW, 2000 on 22 November 2016 at 11 am.

### 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 2016.

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

##### **Resolution 1 Adoption of the Remuneration Report**

'That the Remuneration Report for the year ended 30 June 2016 be and is hereby adopted.'

##### **Resolution 2 Re-election of a Director**

'That Juerg M. Walker be and is hereby re-elected as a Director.'

##### **Resolution 3 Additional capacity to issue securities**

'That the additional capacity to issue equity securities up to 10% of the issued capital of the Company as set out in the Explanatory Memorandum attached to this Notice of Meeting be and is hereby approved for the purposes of ASX Listing Rule 7.1A.'

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**  
**21 October 2016**

Equus Mining Limited ABN 44 065 212 679

Level 2, 66 Hunter Street  
Sydney NSW 2000  
Australia

T +61 2 9300 3366  
F +61 2 9221 6333  
E [info@equusmining.com](mailto:info@equusmining.com)  
W [www.equusmining.com](http://www.equusmining.com)

## **Explanatory Memorandum to the Notice of Annual General Meeting**

This Explanatory Memorandum has been prepared to assist members to understand the business to be put to members at the Annual General Meeting to be held at Level 5, 56 Pitt Street, Sydney, NSW, on Tuesday, 22 November 2016 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 2016 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 2016 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to Directors.

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

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

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

### ***Voting Exclusion Statement***

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

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

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

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

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

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

## **Resolution 2 Re-election of Juerg Walker**

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

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

**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 Approval of additional capacity to issue securities**

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

Resolution 3, which is a Special Resolution requiring 75% of votes cast to be in favour of the resolution, seeks shareholder approval for the Company to have the ability to issue equity securities under the 10% Placement Facility on the following terms:

### **(a) Placement Period**

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

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

### **(b) Equity Securities**

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

### **(c) Formula for calculating 10% Placement Facility**

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

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

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

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

*D* is 10%.

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

The current maximum number of shares, as at the date of this meeting, that can be issued under the 10% Placement Facility is 43,487,309. The Company's current capacity to issue securities as at the date of the meeting pursuant to listing rule 7.1 is 65,230,964.

(d) Minimum Issue Price

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

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

(e) Risk of Economic and Voting Dilution

If Resolution 3 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 \$0.006	Current Approximate Market Price \$0.012	50% Increase in Current Approximate Market Price \$0.018
<b>Current Variable A</b> 434,873,094 shares	10% 43,487,309 Shares	\$260,924	\$521,848	\$782,772
<b>50% increase in current Variable A</b> 652,309,641 shares	13.0% 65,230,964 Shares	\$391,386	\$782,772	\$1,174,157
<b>100% increase in current Variable A</b> 869,746,188 shares	16.7% 86,974,619 shares	\$521,848	\$1,043,695	\$1,565,543

As an example, if Variable A is increased to 869,746,188 shares, the 10% Placement Facility capacity is 86,974,619 shares and therefore the dilution of existing shares as at the date of the AGM, being 434,873,094 shares, is calculated as:

$$86,974,619 \div (434,873,094 + 86,974,619) = 16.7\%$$

(f) Other Matters

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

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

The Company obtained shareholder approval under ASX Listing Rule 7.1A at its 2015 Annual General Meeting. However, no equity securities were issued under Listing Rule 7.1A, 10% Placement Facility during the preceding 12 months.

The Company issued a total of 3,363,636 ordinary fully paid shares in the 12 months preceding the date of the meeting which based on the number of equity securities on issue at the commencement of that period represents 0.78% of the Company's equity securities.

Information relating to the issue of equity securities in the preceding 12 months is as follows:

- Date of the issue: 16 December 2015.
- The number of securities issued: 3,363,636.
- Class of securities issued: Ordinary fully paid shares.
- Name of the allottees: Mark Hamish Lochtenberg & Michal Lichtenberg <The Rigi Super Fund> 2,272,727 ordinary shares; and R&D Yeates Holdings Pty Ltd <Yeates S/F A/C> 1,090,909 ordinary shares.
- The issue price of the securities and the closing price on the previous trading day: The issue price was \$0.011 per share and the closing price on the previous trading day was \$0.010.
- The issue was for cash: The total cash consideration was \$37,000 and was used in exploration activities at the company's Mina Rica project in Chile and working capital.

**Voting Exclusion:**

The Company will disregard any votes cast on Resolution 3 by:

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

However, the Company need not disregard a vote if:

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

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

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