

EQUUS MINING LIMITED
(formerly Caspian Oil & Gas Limited)

ABN 44 065 212 679

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2012

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

CONTENTS

	<i>Page</i>
Directors' Report	2
Condensed Consolidated Interim Statement of Comprehensive Income.....	8
Condensed Consolidated Interim Statement of Financial Position	9
Condensed Consolidated Interim Statement of Changes in Equity	10
Condensed Consolidated Interim Statement of Cash Flows.....	12
Notes to the Condensed Consolidated Interim Financial Statements	13
Directors' Declaration	22
Independent Auditor's Review Report	23
Corporate Directory	25

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Equus Mining Limited ('Equus' or the 'Company') and its subsidiaries (the 'Group') present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half year ended 31 December 2012.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half year are:

Norman A. Seckold, Executive Chairman

Director appointed 5 September 2012.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas, including the role of Chairman for a number of publicly listed companies including:

- * Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA.
- * Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA.
- * Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA.
- * Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria.
- * Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria.
- * Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden.
- * Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico.
- * Bolnisi Gold N.L. which discovered and is currently operating the Palmarejo and Guadalupe gold and silver deposits in Mexico.
- * Cockatoo Coal Limited, an Australian coal mining, exploration and project development company until 24 April 2012.

Mr Seckold is currently Chairman of Augur Resources Ltd, a minerals exploration and development company operating in Australia and Indonesia, Cerro Resources N.L., a precious metals exploration company currently developing a project in Mexico, and Planet Gas Limited, a coalbed methane exploration and development company operating in Australia. He is also a director of the unlisted public companies Mekong Minerals Limited and Nickel Mines Limited.

Edward Jan Leschke - BAppScAppGeo, Managing Director and Chief Executive Officer

Director appointed 5 September 2012.

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

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

Colin John Carson - CPA FCIS FCIM, Non Executive Director

Director since 10 October 1994.

Colin Carson has been involved as a director and company secretary of a number of Australian public companies since the early 1980s and is responsible for joint venture negotiations and corporate and legal matters. He ceased to serve as Executive Chairman on 10 September 2012 and, with effect from 1 October 2012, he assumed a non-executive director role.

Jürg Walker, Non-Executive Director

Director since 20 May 2002.

Jürg Walker is a European portfolio manager and investor. He has over 20 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.

Robert Perring, Non-Executive Director

Appointed 19 February 2013.

Robert Perring is a geologist with more than 30 years experience in the mineral industry and has held senior corporate and technical positions in Normandy Mining Limited and Newmont Australia. While at Newmont, his regional exploration team discovered the Moolart Well gold deposit in Western Australia (now in production). He has also directed exploration within and around some of Australia and New Zealand's largest gold and base metal mines - Boddington (WA), Jundee (WA), Bronzewing (WA), Golden Grove (WA), Callie (NT), Mt Leyshon (QLD), Pajingo (QLD) and Waihi (NZ).

Mr Perring has worked in a broad range of geological terrains within Australia and New Zealand (General Manager Exploration, Newmont Australia), the Middle East (Managing Director, Gulf & Asian Mining Limited) and South America (Technical Director, Equus Resources Limited).

He is a graduate of Imperial College, London (DIC) and the University of London (MSc) and is a Member of the Australian Institute of Geoscientists (MAIG).

Michael John Sandy - BSc (Hons), Non-Executive Director

Appointed 23 September 2005, resigned 15 February 2013.

Michael Sandy is a petroleum geologist with over 35 year's resource industry experience. During the past three years he has also served as a director of Burleson Energy Limited, Tap Oil Limited and Hot Rock Limited.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Graeme Leslie Parsons - BSc, Executive Director and Chief Executive Officer

Appointed 18 October 2006, resigned 5 September 2012.

Mr Parsons is a Petroleum Geoscientist with over 30 years experience in the Australian and international oil and gas sectors. His skills set covers a broad spectrum across the petroleum industry including exploration (geology and geophysics including basin and acreage evaluation), appraisal, development, operations (drilling, completions, fracing), project management, production forecasting, economic evaluation, reserves estimation, portfolio analysis and government and landholder relations.

Avraham Ben-Natan, Non-Executive Director

Appointed 30 November 2011, resigned 5 September 2012.

Mr Ben-Natan is an experienced businessman and investor who resides in the Kyrgyz Republic.

Review of Operations

Corporate Activities

At a General Meeting on 31 August 2012, the shareholders of the Company approved the acquisition of the Naltagua Copper projects in Chile by purchasing unlisted Australian company, Equus Resources Limited. The Naltagua Copper projects are located 80 kilometres southwest of Santiago and 75 kilometres east from the Pacific Ocean port-city of San Antonio. The Group has the option to acquire 100% of the Naltagua Copper projects by completing an option agreement to purchase 14 mining licences. Under the terms of the option agreement, the Group has the right to acquire the mining licences on an outright basis by making payments of US\$100,000 in September 2013 and a final payment of US\$4.3 million in September 2014 to the licence holder.

The Company's main activity is mineral exploration at the recently acquired Naltagua Copper projects in Chile (through the acquisition of Equus Resources Limited and the existing option agreement). To reflect the new direction of the Company, the Company's shareholders approved the name change from Caspian Oil & Gas Limited to Equus Mining Limited at the Annual General Meeting held on 23 November 2012. Its new registered office and principal place of business moved to Level 2, 66 Hunter Street, Sydney NSW 2000. Telephone: +61 2 9300 3366, Fax: +61 2 9221 6333.

During the half year ended 31 December 2012, the Group disposed of its ownership interests in JSC Textonic, LLC South Derrick and Caspkaz Pty Ltd raising a total of \$789,110.

On 14 September 2012, the Company issued 4,570,914 new fully paid ordinary shares at \$0.055 per share raising \$251,400. The funds raised are for exploration at the Naltagua Copper projects in Chile.

On 13 November 2012, the Company issued 4,000,000 unlisted options to Mr Damien Koerber, who was appointed Head of Exploration in Chile. The options were issued in four tranches of 1,000,000 each with the expiry date for all tranches being 13 November 2015. The tranches are exercisable at \$0.075, \$0.15, \$0.20 and \$0.25 and vesting for all tranches is at the commencement of drilling on the Naltagua Copper projects in Chile.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Chile Copper Developments

The Group's two main projects, the Yerba Project and Araya Project (collectively referred to as the Naltagua Copper projects), lie within the Naltagua Copper District in Chile, a district well-served by major infrastructure. The Group holds an option to acquire 100% of a contiguous group of 14 mining licences covering an area of 18.05km² and 75% of the known areal extent of the large Naltagua copper system. The Yerba and Araya projects show many geological similarities to the large, manto-type, Anglo American-owned El Soldado Cu-Ag deposit (200Mt @ 1.35% Cu) located 135 kilometres to the north of Naltagua.

On the Naltagua Copper projects, the Group has carried out approximately 1,300 metres of underground and surface rock-chip channel-sampling and 26 line-kilometres of induced polarisation ('IP') geophysics. The Yerba Project incorporates the historic Yerba Workings, which is coincident with a 50 metre-wide, 1,200 metre-long IP resistivity anomaly (the 'Yerba Zone').

Underground and surface rock-chip channel-sampling along the Yerba Zone returned a number of positive results, including 48 metres at 1.35% Cu and 33 metres at 0.88% Cu. Sampling was restricted by the paucity of outcrop and most channel samples ended in copper mineralisation. More recent surface-channel sampling of recently discovered outcropping copper mineralisation returned 10 metres at 1.73% Cu and 20 metres at 0.52% Cu in altered andesite. These results extend the area of known copper mineralisation to more than 700 metres of strike. Good potential exists for the discovery of additional outcropping copper mineralisation along this previously undrilled 1,200 metre target zone. The Group aims to commence diamond drilling at Naltagua in the first quarter of 2013.

To obtain an early, indicative understanding of the processing characteristics of the copper sulphide mineralisation, a 30 kilogram sample was collected from the Yerba Workings mine dump and despatched to ALS Amtec in Sydney, Australia for preliminary, qualitative metallurgical testwork. A simple flotation test produced a high-grade (41% Cu, 463g/t Ag), premium quality, sulphide concentrate containing no penalty elements. The concentrate's high copper grade reflects the abundance of bornite, a copper sulphide mineral that contains approximately 62% copper.

The Group retains a number of non-core assets and plans to continue funding core exploration activities in Chile through the on-going sale of these non-core assets, which include listed shares, gold royalties and an oil drilling rig and exploration camp.

The principal royalty is a 0.5% gross production royalty on gold produced from the 876 square kilometre Tengrela gold project owned by Perseus Mining Limited ('Perseus'). This project includes the Sissingue gold mine where Perseus last reported a 1,188,000 ounce gold resource (8% measured, 71% indicated and 22% inferred) and a 840,000 ounce gold reserve (100% probable) in late 2010 (refer Perseus ASX announcement dated November 2010). Since then, Perseus has completed a substantial amount of infill and extensional drilling and a resource upgrade is expected in the current quarter.

Subsequent Events

No matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information is based on information compiled by Mr Robert Perring, who is a Member of the Australian Institute of Geoscientists. Mr Perring is a non-executive director of Equus Mining Limited, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities reported on to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Perring consents to the inclusion of the information in this report of the matters based on information in the format and context in which it appears.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2012.

Signed at Sydney this 18th day of March 2013
in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



Edward J. Leschke
Managing Director



**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Equus Mining Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012, there have been:

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

KPMG

KPMG

Adam Twemlow
Partner

18 March 2013

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Comprehensive Income For the half-year ended 31 December 2012

		Consolidated	
	Notes	31 December 2012 \$	31 December 2011 \$ Restated*
CONTINUING OPERATIONS			
Other income	4	554,408	977,594
Expenses			
Employee, directors and consultants costs		(419,376)	(429,876)
Share based compensation expense		(64,598)	-
Depreciation expense		(1,151)	(1,581)
Foreign exchange losses		-	(173,706)
Impairment of exploration expenditure		-	(16,500)
Travel expenses		(30,818)	(21,670)
Pre-licence costs - exploration expenditure		(4,720)	-
Other expenses		(569,476)	-
Total expenses		(1,090,139)	(643,333)
(Loss)/profit before income tax		(535,731)	334,261
Income tax		-	-
(Loss)/profit from continuing operations		(535,731)	334,261
DISCONTINUED OPERATIONS			
Loss from discontinued operation (net of tax)	12	(4,141,206)	(376,900)
Loss for the period		(4,676,937)	(42,639)
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		857,553	179,125
Transfer of foreign currency translation to loss on disposal of subsidiaries in profit or loss		2,902,675	-
Net change in fair value of available-for-sale financial assets		(51,683)	14,653
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(549,155)	(966,903)
Total other comprehensive gain/(loss)		3,159,390	(773,125)
Total comprehensive loss for the period		(1,517,547)	(815,764)
Loss attributable to:			
Owners of the Company		(4,632,691)	(680)
Non-controlling interests		(44,246)	(41,959)
		(4,676,937)	(42,639)
Total comprehensive loss attributable to:			
Owners of the Company		(1,616,216)	(777,135)
Non-controlling interests		98,669	(38,629)
		(1,517,547)	(815,764)
Earnings per share			
Basic loss per share		(2.25) cents	(0.032) cents
Diluted loss per share		(2.25) cents	(0.032) cents
Earnings per share - continuing operations			
Basic (loss)/gain per share		(0.026) cents	0.25 cents
Diluted (loss)/gain per share		(0.026) cents	0.25 cents

* See note 12

The above Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Financial Position

As at 31 December 2012

		Consolidated	
	Notes	31 December 2012 \$	30 June 2012 \$
Current Assets			
Cash and cash equivalents		952,638	607,112
Receivables		7,317	43,538
Inventories		-	1,546,628
Assets held for sale	11	1,647,956	-
Other		11,385	166,279
Total Current Assets		2,619,296	2,363,557
Non-Current Assets			
Receivables		11,744	119,090
Available-for-sale financial assets		628,650	1,439,318
Property, plant and equipment		19,524	685,183
Exploration and evaluation expenditure	5	6,999,937	513,264
Total Non-Current Assets		7,659,855	2,756,855
Total Assets		10,279,151	5,120,412
Current Liabilities			
Payables		84,791	310,960
Related party loan	13	50,000	-
Total Current Liabilities		134,791	310,960
Total Liabilities		134,791	310,960
Net Assets		10,144,360	4,809,452
Equity			
Issued capital	6	106,150,362	99,362,502
Reserves	7	1,054,810	(2,026,263)
Accumulated losses		(97,060,812)	(92,428,118)
Total Parent Entity Interest		10,144,360	4,908,121
Non-controlling interest		-	(98,669)
Total Equity		10,144,360	4,809,452

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Changes In Equity

For the half-year ended 31 December 2012

Consolidated	Attributable to owners of the Company							
	Note	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total	Non- controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011		99,362,502	(88,908,289)	6,541,525	(6,349,080)	10,646,658	(52,108)	10,594,550
Loss attributable to members of the parent entity		-	(680)	-	-	(680)	(41,959)	(42,639)
Currency translation differences		-	-	-	175,795	175,795	3,330	179,125
Net change in fair value of available-for-sale financial assets		-	-	14,653	-	14,653	-	14,653
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	-	(966,903)	-	(966,903)	-	(966,903)
Total other comprehensive income		-	-	(952,250)	175,795	(776,455)	3,330	(773,125)
Total comprehensive income for the period		-	(680)	(952,250)	175,795	(777,135)	(38,629)	(815,764)
Balance at 31 December 2011		99,362,502	(88,908,969)	5,589,275	(6,173,285)	9,869,523	(90,737)	9,778,786

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Changes In Equity

For the half-year ended 31 December 2012

Consolidated	Attributable to owners of the Company							
	Note	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total	Non-controlling Interest	Total Equity
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012		99,362,502	(92,428,121)	4,355,295	(6,381,558)	4,908,121	(98,669)	4,809,449
Loss attributable to members of the parent entity		-	(4,632,691)	-	-	(4,632,691)	(44,246)	(4,676,937)
Transfer of foreign currency translation reserve to loss on disposal of subsidiaries in profit or loss		-	-	-	2,759,760	2,759,760	142,915	2,902,675
Currency translation differences		-	-	-	857,553	857,553	-	857,553
Net change in fair value of available-for-sale financial assets		-	-	(51,683)	-	(51,683)	-	(51,683)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	-	(549,155)	-	(549,155)	-	(549,155)
Total other comprehensive income		-	-	(600,838)	3,617,313	3,016,475	142,915	3,159,390
Total comprehensive income for the period		-	(4,632,691)	(600,838)	3,617,313	(1,616,216)	98,669	(1,517,547)
Transactions with owners recorded directly in equity								
Contribution by and distribution to owners								
Ordinary shares issued		6,787,860	-	-	-	6,787,860	-	6,787,860
Employee share options		-	-	64,598	-	64,598	-	64,598
Balance at 31 December 2012		106,150,362	(97,060,812)	3,819,055	(2,764,245)	10,144,360	-	10,144,360

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Cash Flows

For the half-year ended 31 December 2012

	Consolidated	
	31 December 2012	31 December 2011
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	406,975	118,759
Cash payments in the course of operations	(1,386,497)	(1,061,558)
Net cash used in operations	(979,522)	(942,799)
Interest received	4,891	10,691
Net cash used in operating activities	(974,631)	(932,108)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(607,803)	(1,584,399)
Payments for plant and equipment	-	(101,615)
Proceeds from sale of plant and equipment	140,617	78,938
Proceeds from sale of investments	731,905	998,403
Loans repaid from other entities	9,639	19,935
Disposal of subsidiary, net of cash disposed of	785,350	-
Payment for the acquisition of assets (net of cash acquired)	119,392	-
Net cash from/(used in) investing activities	1,179,100	(588,738)
Cash flows from financing activities		
Proceeds from share issues	251,400	-
Repayment of borrowings - related party	(50,000)	-
Net cash provided by financing activities	201,400	-
Net increase/(decrease) in cash held	405,869	(1,520,846)
Cash at the beginning of the reporting period	607,112	1,852,503
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	(5,185)	(4,612)
Cash and cash equivalents	1,007,796	327,045
Less cash reclassified to assets held for sale	(55,158)	-
Cash and cash equivalents held by continuing operations	952,638	327,045

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

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

1. REPORTING ENTITY

Equus Mining Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements, of the Company as at and for the half year ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily focused on identifying and evaluating copper and gold resource opportunities as a precursor to developing new mines in the metal-rich provinces of Chile, South America.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2012 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.equusmining.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2012. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2012, as well as any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This condensed consolidated interim financial report was approved by the Board of Directors on 18 March 2013.

(b) Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 June 2012. In addition, the following significant areas of estimation uncertainty and critical judgements in applying accounting policies that had a significant effect on the preparation of the condensed consolidated interim financial statements include:

Note 2(c) - Going concern

Note 5 - Impairment of exploration and evaluation expenditure

Note 10 - Acquisition of assets (Equus Resources Limited)

Note 11 - Assets held for sale

Note 12 - Discontinued operation

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

2. BASIS OF PREPARATION (continued)

(c) Going concern

The condensed consolidated interim 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.

The Group has incurred a loss of \$4,676,937 in the half-year ended 31 December 2012 and has accumulated losses of \$97,060,812 as at 31 December 2012. The Group has cash on hand of \$952,638 at 31 December 2012 (excluding cash reclassified to assets held for sale) and used \$1,582,434 of cash in operations including payments for exploration for the half-year ended 31 December 2012. 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.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties, and the sale of certain non-core assets. If such funding is not achieved, the Group plans to reduce expenditures significantly.

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 condensed consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 June 2012. The following changes in accounting policies are also expected to be reflected in the Group's consolidated annual financial statements as at and for the year ending 30 June 2013.

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 134 *Interim Financial Reporting* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

4. LOSS/(PROFIT) BEFORE INCOME TAX

	Consolidated 31 December 2012 \$	Consolidated 31 December 2011 \$
The following items are relevant in explaining the financial performance for the half year:		
Interest income on cash deposits	5,178	10,691
Foreign exchange gain	75	-
Net gain on disposal of available-for-sale investments	<u>549,155</u>	<u>966,903</u>
	<u>554,408</u>	<u>977,594</u>
Share based payments to consultants and employees	(64,598)	-
Impairment of capitalised exploration expenditure	-	(16,500)

5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 31 December 2012 \$	Consolidated 30 June 2012 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase - at cost		
Balance at beginning of the period	513,263	1,822,641
Depreciation capitalised to exploration	-	863,985
Capitalised expenditure incurred - Kyrgyz Republic	182,482	1,821,613
Impairments	(695,745)	(3,436,919)
Sale of Romanian oil interest	-	(531,792)
Acquisition of Chilean mining interest	6,591,096	-
First instalment on option agreement - Cerro Oveja (note 9)	107,009	-
Capitalised expenditure incurred - Naltagua, Chile	301,374	-
Foreign currency translation difference movement	458	(26,265)
Balance at close of the period	<u>6,999,937</u>	<u>513,263</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.

During the half year the Group assessed its exploration and evaluation expenditure assets for impairment and recorded an impairment loss of \$695,745 in respect of exploration and evaluation expenditure capitalised in the Kyrgyz Republic.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

6. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 December 2012		30 June 2012	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	1,331,500,513	99,362,502	1,331,500,513	99,362,502
<i>Movement in Ordinary Shares:</i>				
Consolidation of 1 share for every 10	(1,198,350,462)	-	-	-
Issued ordinary shares 5 September 2012 for \$0.06	108,940,951	6,536,460	-	-
Issued ordinary shares 15 September 2012 for \$0.055	4,570,914	251,400	-	-
	246,661,916	106,150,362	1,331,500,513	99,362,502

(b) Share Options

Options to take up ordinary shares in the capital of the Company have been granted as follows:

	Exercise Period	Note	Exercise Price	Opening	Options	Options	Closing
				Balance	Issued	Cancelled/ Expired	Balance
				1 July 2012			31 Dec 2012
				Number	Number	Number	Number
On or before 31 December 2013			\$0.30	460,000	-	-	460,000
On or before 13 November 2015*			\$0.075	-	1,000,000	-	1,000,000
On or before 13 November 2015*			\$0.150	-	1,000,000	-	1,000,000
On or before 13 November 2015*			\$0.200	-	1,000,000	-	1,000,000
On or before 13 November 2015*			\$0.250	-	1,000,000	-	1,000,000
				460,000	4,000,000	-	4,460,000

The fair value of employee services received in return for share options granted is based on the fair value of share options granted, measured using the Black-Scholes model. The fair value of the 4,000,000 options granted on 13 November 2012 was \$144,000. The Black-Scholes formula model inputs were the Company's share price of 6.6 cents at the grant date, a volatility factor of 115% (based on historical average share price volatility), a risk-free interest rate of 2.54% based on the 3 year government bond rate and a dividend yield of 0%.

* These options have a non-market performance vesting condition whereby they will not vest until the commencement of exploration drilling on the Naltagua Copper project. This has been estimated to be 12 months from the grant date, 13 November 2013.

Expenses arising from share-based payment transactions

Total expenses from share-based payment transactions recognised during the half year ended 31 December 2012 was \$64,598 (2011 - \$nil).

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

7. RESERVES

	Consolidated 31 December 2012 \$	Consolidated 30 June 2012 \$
Equity based compensation reserve (a)	2,574,073	2,509,475
Option premium reserve	589,000	589,000
Financial assets reserve (b)	655,982	1,256,820
Foreign currency translation reserve (c)	(2,764,245)	(6,381,558)
	1,054,810	(2,026,263)
	Consolidated 31 December 2012 \$	Consolidated 30 June 2012 \$
<i>Movements during the period:</i>		
<i>(a) Equity based compensation reserve</i>		
Balance at beginning of period	2,509,475	2,509,475
Employee share options	64,598	-
Balance at end of period	2,574,073	2,509,475
	Consolidated 31 December 2012 \$	Consolidated 30 June 2012 \$
<i>(b) Financial assets reserve</i>		
Balance at beginning of period	1,256,820	3,443,050
Net change in fair value of available-for-sale financial assets	(51,683)	(184,858)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(549,155)	(2,001,372)
Balance at end of period	655,982	1,256,820
	Consolidated 31 December 2012 \$	Consolidated 30 June 2012 \$
<i>(c) Foreign currency translation reserve</i>		
Balance at beginning of period	(6,381,558)	(6,349,080)
Currency translation differences	857,553	(32,478)
Transfer of foreign currency translation reserve to loss on disposal of subsidiaries in profit or loss	2,759,760	-
Balance at end of period	(2,764,245)	(6,381,558)

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

8. OPERATING SEGMENTS

The directors have considered the requirements of AASB 8 - *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker in allocating resources and have concluded that, during the half year, the Group operated in the oil exploration industry, other mineral exploration industry and investing activities within the geographical segments of Australia, Chile, Ghana and Kyrgyz Republic.

	Oil Exploration*	Other Mineral Exploration	Investing	Unallocated	Total
	\$	\$	\$	\$	\$
31 December 2012					
Revenue and other income					
Revenue from external customers	370,754	-	-	-	370,754
Other income	119,730	515	553,893	-	674,138
	490,484	515	553,893	-	1,044,892
Results					
Operating profit/(loss) before income tax	(4,141,206)	(42,808)	553,893	(1,046,816)	(4,676,937)
Income tax expense					-
Elimination of discontinued operations					4,141,206
Loss from continuing operations					(535,731)
Assets					
Segment assets	1,647,956	7,208,638	732,852	689,705	10,279,151
Liabilities					
Segment liabilities	-	94,811	-	39,980	134,791
31 December 2011					
Revenue and other income					
Revenue from external customers	106,522	-	-	-	106,522
Other income	125,330	-	977,594	-	1,102,924
	231,852	-	977,594	-	1,209,446
Results					
Operating profit/(loss) before income tax	(376,900)	(2,238)	977,562	(641,063)	(42,639)
Income tax expense					-
Elimination of discontinued operations					376,900
Profit from continuing operations					334,261
Assets					
Segment assets	7,422,164	60,064	2,594,223	-	10,076,451
Non-current assets acquired	2,080,112	-	-	-	2,080,112
Liabilities					
Segment liabilities	70,578	67,078	160,009	-	297,665

* *Discontinued – see note 12.*

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2012

No matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

10. ACQUISITION OF CONTROLLED ENTITIES

During the half year ended 31 December 2012 the Company acquired 100% of the issued capital of Equus Resources Limited. In consideration for Equus Resources Limited the Company issued 108,940,951 ordinary shares (equivalent to a consideration paid of fair value \$6,536,457) to the shareholders of Equus Resources Limited, a company incorporated in Australia. Equus Resources Limited holds an option agreement through its Chilean subsidiary Minera Equus Limitada to acquire the Naltagua Copper project in central Chile.

The option agreement has a total value of US\$5,000,000 pursuant to the following payments:

- a down payment of US\$500,000 upon execution of the option agreement which was paid on 29 September 2011;
- a first instalment of US\$100,000 which was paid on 29 September 2012;
- a second instalment of US\$100,000 two years after the signing of the option agreement; and
- a third and final instalment of US\$4,300,000 three years after the signing of the option agreement.

The agreement does not bind the Group to complete the acquisition and it can abandon the project at any point in time with no penalties, with the exception that all payments are non-refundable.

The above transaction has been accounted for as an acquisition of assets rather than a business combination as Equus Resources Limited has no business operations and its principal asset is its interest in the Naltagua copper project.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised fair value on acquisition
	\$	\$	\$
Cash	119,392	-	119,392
Property, plant and equipment	18,138	-	18,138
Exploration and evaluation assets	976,841	5,614,255	6,591,096
Other assets	48,810	-	48,810
Trade and other payables	(140,979)	-	(140,979)
Related party loan	(100,000)	-	(100,000)
	<u>922,202</u>	<u>5,614,255</u>	<u>6,536,457</u>

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

11. ASSETS HELD FOR SALE

Disposal group held for sale

The oil exploration segment of the Group in the Kyrgyz Republic is presented as a disposal group held for sale following the commitment of the Group's management during the period to a plan to sell the three oil exploration entities in the Kyrgyz Republic. The ownership interests in JSC Textonic and LLC South Derrick were disposed of on 26 September 2012. The ownership interest in JSC Sherik is expected to be sold during 2013, and has been classified as assets held for sale at 31 December 2012.

An impairment loss of \$695,745 writing down the carrying amount of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in 'loss from discontinued operations' in the condensed consolidated interim statement of comprehensive income (note 5).

As at 31 December 2012 the assets held for sale comprised assets of \$1,688,112 less liabilities of \$40,156, detailed as follows:

	\$
Cash and cash equivalents	55,158
Property, plant and equipment	260,248
Inventories	1,372,438
Trade and other receivables	268
Trade and other payables	(40,156)
	<u>1,647,956</u>

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2012

12. DISCONTINUED OPERATION

In September 2012 the Group discontinued its oil exploration segment. This occurred via management's commitment to a plan during the period to sell this segment following a strategic decision to focus on the exploration activities on the Naltagua copper project in Chile. The entire ownership interest in LLC South Derrick and JSC Textonic were disposed of on 26 September 2012 and the assets and liabilities in JSC Sherik were classified as held for sale.

The segment was not classified as held for sale or a discontinued operation as at 30 June 2012 and the comparative condensed consolidated interim statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

For the six months ended 31 December 2012

	2012	2011
	\$	\$
Results of discontinued operation		
Revenue	370,754	106,522
Other income	119,730	125,330
Impairment of exploration and evaluation assets	(695,745)	-
Expenses	(1,033,270)	(608,752)
Results from operating activities	(1,238,531)	(376,900)
Income tax expense	-	-
Results from operating activities, net of income tax	(1,238,531)	(376,900)
Loss on transfer of foreign currency translation reserve to profit or loss	(2,902,675)	-
Income tax on gain on sale of discontinued operation	-	-
Loss for the period	(4,141,206)	(376,900)
Basic loss per share (cents)	(2.02)	(0.28)
Diluted loss per share (cents)	(2.02)	(0.28)

13. RELATED PARTIES

Transactions with key management personnel

During the half year ended 31 December 2012, Edward J. Leschke, a director of the Company, provided a short term, interest free, unsecured loan to the Group of \$100,000, \$50,000 of which was subsequently repaid during the period, and the related party loan outstanding at the balance date is \$50,000.

During the half year ended 31 December 2012, Norman A. Seckold had an interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, include rental accommodation, administrative staff, services and supplies, to the entity. Fees paid to MIS Corporate Pty Limited during the year amounted to \$30,000. There was no outstanding amounts at 31 December 2012.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

EQUUS MINING LIMITED LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2012

In the opinion of the directors of Equus Mining Limited (the 'Company'):

- (a) the financial statements and notes set out on pages 8 to 21, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* 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.

Signed at Sydney this 18th day of March 2013
in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



Edward J. Leschke
Managing Director



Independent auditor's review report to the members of Equus Mining Limited

We have reviewed the accompanying interim financial report of Equus Mining Limited (the 'Company'), which comprises the condensed consolidated interim statement of financial position as at 31 December 2012, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the half year's end or from time to time during the half year.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation and fair presentation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Equus Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Independent auditor's review report to the members of Equus Mining Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Equus Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 2(c), 'Going Concern' in the interim financial report. The conditions disclosed in Note 2(c), including raising additional funding from shareholders or other parties and/or the Group reducing expenditure in-line with available funding, indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG

KPMG

Adam Twemlow

Partner

18 March 2013

EQUUS MINING LIMITED LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors:

Mr Norman A. Seckold (Chairman)
Mr Edward J. Leschke (Managing Director)
Mr Robert J. Perring
Mr Colin J. Carson
Mr Jürg Walker

Company Secretary:

Mr Susmit M. Shah
Mr Marcelo Mora

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone: 61-2 9300 3366
Fax: 61-2 9221 6333
Email: info@equusmining.com
Homepage: www.equusmining.com

Auditors:

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

Share Registrar:

Advance Share Registry Limited
150 Stirling Highway
Nedlands Western Australia 6009
Phone: 61-8 9389 8033
Fax: 61-8 9389 7871

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000