To be renamed 'Equus Mining Limited'

ASX: CIG

29 October 2012

September 2012 Quarterly Activity Report

Caspian Oil & Gas Limited (ASX: CIG) [to be renamed 'Equus Mining Limited' (ASX: EQE)] is pleased to report its activities for the September 2012 quarter.

Summary of Activities:

Chile Copper

- **Acquired the Naltagua copper project in Chile**
- **Independent technical report demonstrates bulk copper resource potential**
- **Exploration field activities continued throughout the acquisition period**

Kyrgyz Republic Oil

- **Disposal of Kyrgyz oil licence assets via the sale of the two subsidiary companies for US$800,000 cash**

Corporate

- **Acquisition of unlisted company Equus Resources Ltd which controls the Naltagua copper project in Chile**
- **Edward (Ted) Leschke appointed as Managing Director**
- **Norman Seckold appointed as Non-executive Chairman**
- **Resignation of Graeme Parsons and Avraham ben Natan**
- **As at September 30 Caspian held cash and liquid assets (listed securities) of $3 million**
- **Exploration activities are well funded for the immediate future through the Company's liquid and saleable assets**

December Quarter Plans

- **Appointment of Exploration Manager for South America**
- **Continue surface exploration activities**
- **Commence inaugural drilling program at Naltagua**
- **Change company name to Equus Mining Limited (ASX code: EQE)**
- **Launch new company website: www.equusmining.com**

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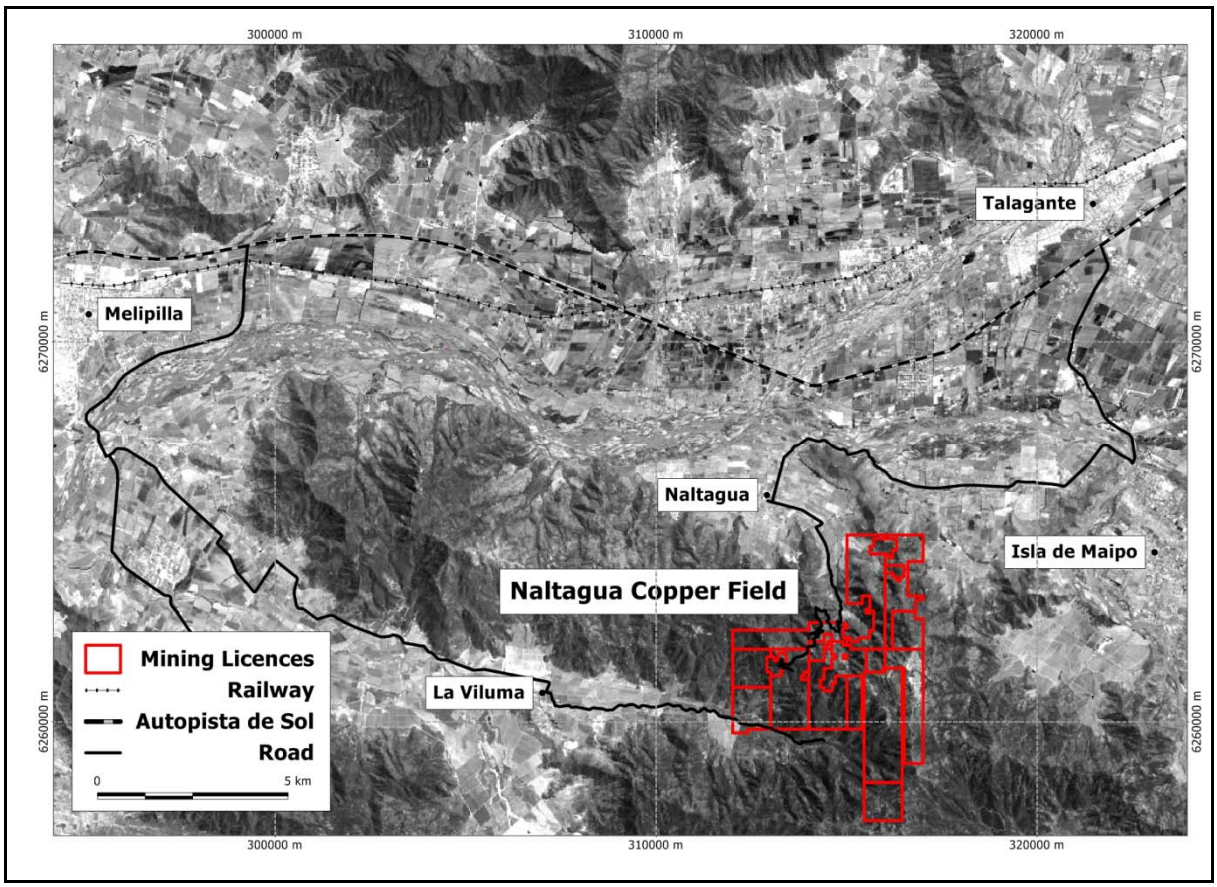
Naltagua Copper Project, Chile

Caspian has acquired the Naltagua copper project in Chile by purchasing unlisted Australian company, Equus Resources Ltd ('Equus'). Shareholders approved the acquisition at a General Meeting held on Friday, 31 August 2012. The Naltagua copper project is located 80km south-west of Santiago and 75km south-east of the port city of San Antonio, and the area is well service by major infrastructure.

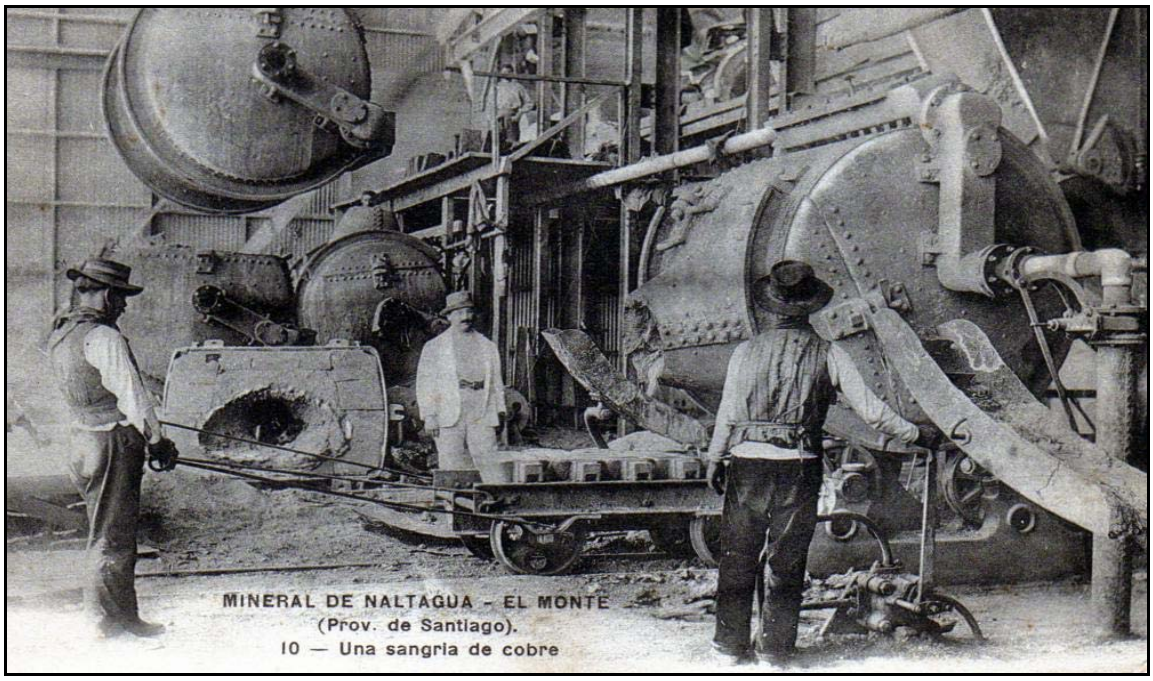
Equus has the option to acquire 100% of a contiguous group of 14 mining licences covering an area of 18.05km^2 and 75% of the known extent of the large (4km by 2km) Naltagua copper field. Under the terms of the option agreement, Equus has the right (but not the obligation) to acquire the mining licences on an outright basis by making a payment of US$100,000 in September 2013, with a final payment of US$4.3 million in September 2014 to the licence holder.



The Naltagua copper project is located close to major infrastructure

Historical Mining (1905 – 1945)

Rich deposits of oxide and sulphide copper ore were systematically exploited by French company Societe des Mines Cuivre of Naltahua, which mined 15 discrete bodies at an average head-grade of approximately 4% copper. A network of tramways delivered the ore from the mountain to a smelter located in the nearby valley for processing.



The Naltagua copper smelter operated from some 40 years

Exploration (2000 – 2009)

Freeport previously inspected the area and carried out limited mapping and spot rock chip sampling. However, the focus was only on the black shale hosted copper deposits which can be quite high grade but have limited bulk tonnage potential.

Noranda drilled a single exploration hole into a mineralised volcanic breccia and, despite achieving 32m at 0.5% Cu from surface, elected to relinquish its option. Other than this single hole, no other exploration drilling is known to have been completed at Naltagua.

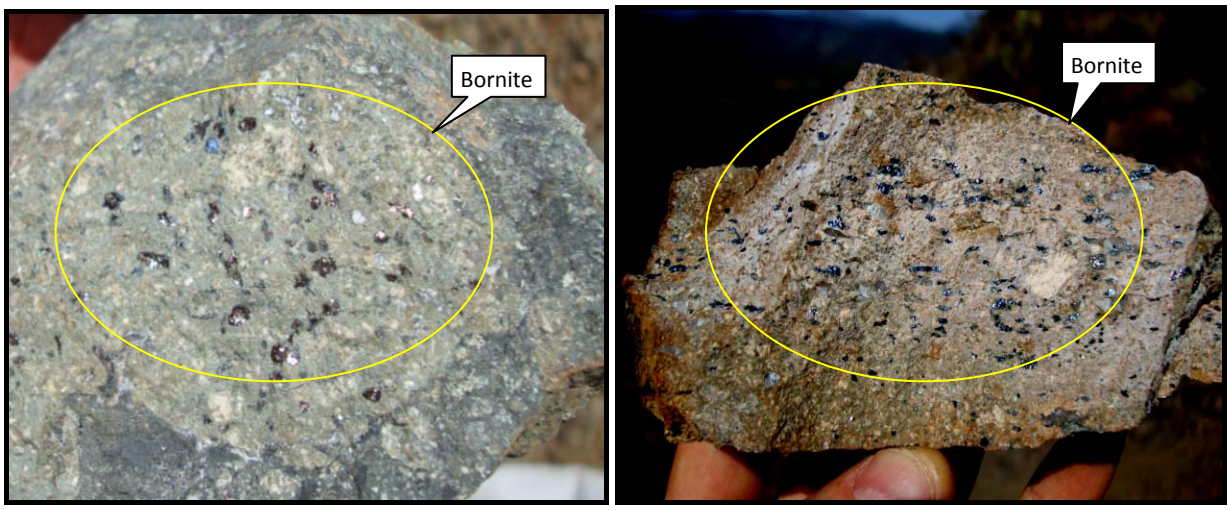
Equus Exploration (August 2011 – July 2012)

In contrast to previous investigators, Equus has been targeting the prospective primary feeder zones to the copper system, i.e. the hydrothermal breccia pipes, volcanic breccia zones and the tectonically disrupted intermediate (andesite, latite) and felsic volcanics (rhyodacite). More than 1,000m of underground workings (adits) have been systematically channel sampled, several areas of hydrothermal alteration mapped and rock chip sampled, six trial lines of Induced Polarisation ('IP') geophysics completed, and a 30kg metallurgical sample processed. Drill pads have been cleared over and the IP coverage is being expanded to define new targets.

Geology and Mineralisation

Naltagua is a manto-type copper-silver deposit hosted by marine volcanic rocks of Lower Cretaceous age (118 to 97 million years old). The copper is interpreted to have been scavenged from intra-formational volcanic and sedimentary rocks by relatively low-temperature metamorphic hydrothermal fluids generated during diagenesis (burial) and expelled along permeable coarse grained lithologies and channelled into favourable trap-sites where the metals were deposited and concentrated.

At the Yerba prospect, primary copper mineralisation is almost entirely represented as bornite, a mineral that grades 62% copper. Elsewhere in the project, primary copper is mainly present as both bornite and chalcopyrite.



Bornite mineralisation at the Yerba prospect

Preliminary Metallurgical Testwork

A 30kg metallurgical sample was collected from the Yerba mine dump and despatched to ALS Ammtec in Sydney for preliminary qualitative testwork. A simple flotation test produced a high grade (41% Cu, 463g/t Ag), premium-quality sulphide concentrate containing no penalty elements. Typically copper concentrates grade around 26% Cu.

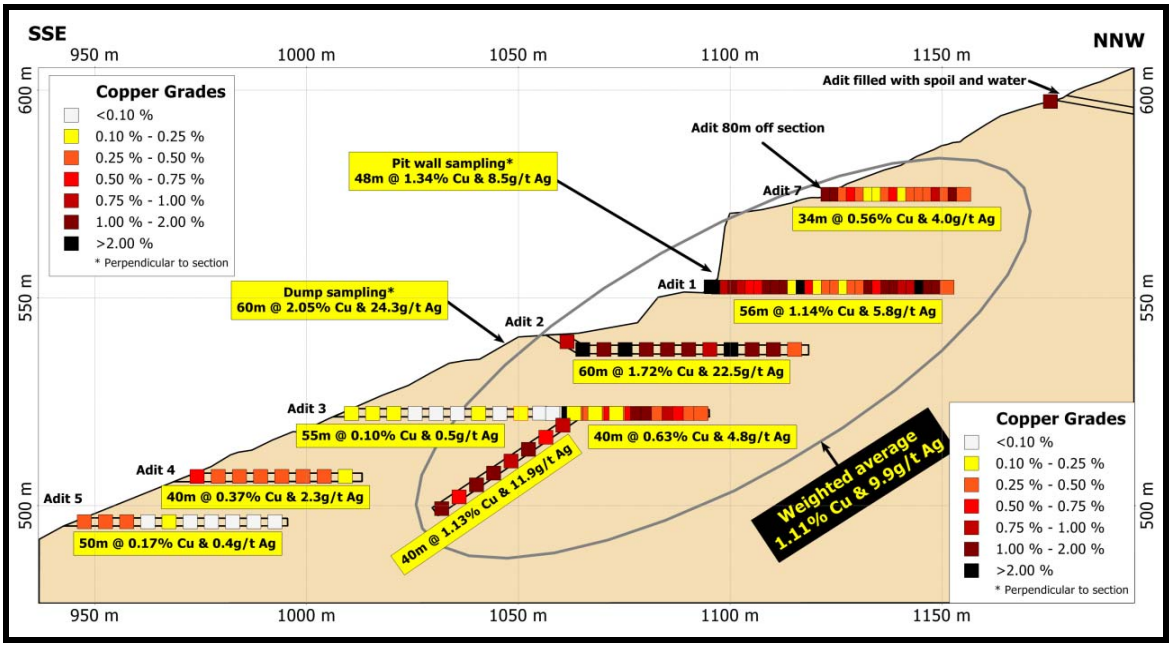
Preliminary flotation concentrate tests – the silver coloured bornite can be clearly seen

Advanced Targets

There are currently 10 named exploration prospects at Naltagua at various stages of assessment and three are summarised below to illustrate the range of resource assessment opportunities.

Yerba Prospect:

Equus has mapped and channel sampled 541m of underground workings and taken numerous surface samples to delineate a zone of disseminated bornite mineralisation in volcanics. The weighted average grade of this relatively small part of the mineralised system with dimensions 50m wide by 150m long and open along-strike and down-plunge is 1.1% Cu and 10g/t Ag. The down-plunge component has been mapped using IP to the effective limit of this geophysical method (~250m). Drilling is planned to commence once regulatory approvals have been received.



Long section showing copper grades from channel sampling at the Yerba prospect

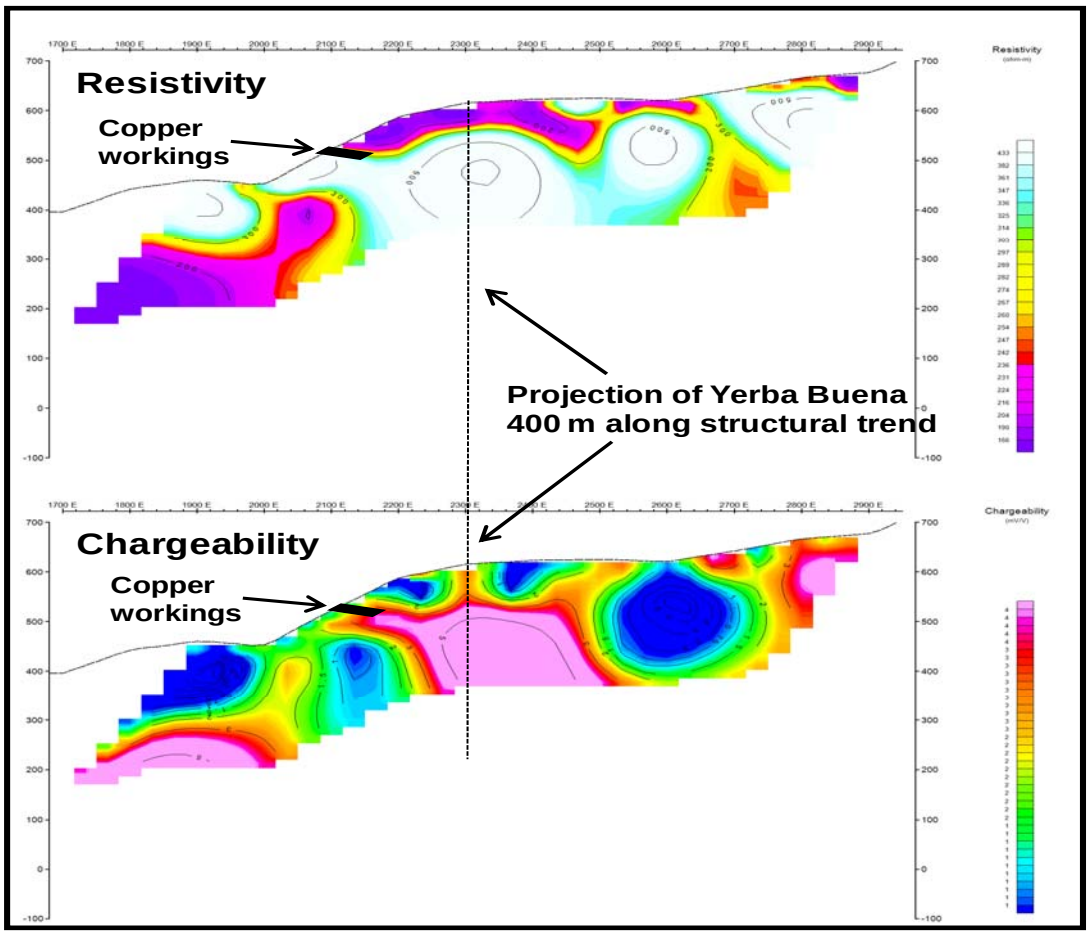
Cerro Prospect:

Ubiquitous malachite (green secondary copper mineral) after bornite (primary copper sulphide) is variably exposed in a relatively flat lying sheet of altered andesite on the main Naltagua ridge. A total of 24 samples of outcropping volcanic breccia collected along a ridge top traverse over a distance of 242m returned a composite grade of 1.6% Cu and 23g/t Ag.

Lomas Prospect:

Ground follow up of a coherent, broad 260m IP chargeability anomaly led to the discovery of a previously unknown copper working (adit) at the exact point where the source of the anomaly had been predicted to outcrop at surface. This anomaly is located 400m along strike from the Yerba prospect.

This anecdotal evidence gives Equus considerable confidence that IP at Naltagua will prove to be a critical and relatively low-cost 'mapper' of potential ore systems. The IP survey is currently being expanded.



IP geophysical anomaly at the Lomas prospect

Strategy, Methodology and Technology

Discussions have already been initiated with other mining lease holders in the project area to investigate opportunities for collaboration during exploration, mining and/or ore processing.

Geological mapping, rock geochemistry and drilling are proven and effective methods that will be employed to define and evaluate resource targets at Naltagua. IP geophysics provides an effective filter through which to discriminate sulphide hot spots within the broad area of secondary copper mineralisation that defines the Naltagua copper system.

Advanced metallurgical testwork will be conducted to continue to optimise metal recoveries and draw market attention to the premium sulphide product.

Drilling is scheduled to commence immediately upon receiving regulatory approvals. Unlike many areas in Chile, work at Naltagua may continue all year round due to the low altitude, all-weather roads and close proximity to services.

Kyrgyz Republic Oil Projects

Caspian, through its subsidiaries, held six exploration licences and three production licences in the in the Fergana Basin in the Kyrgyz Republic, Central Asia.

The majority of the Kyrgyz oil and gas exploration permits expire at the end of December 2012 and, after extensive negotiations with the Government, the permits will not be renewed bringing their 10 year tenure to an end.

In September, Caspian completed the sale of the two subsidiary companies which held its Kyrgyz oil licences for US$800,000 cash.

Other Mineral Assets

Caspian retains a number of mainly African minerals related assets. These assets include shares in listed gold producers and explorers, royalty interests and gold and diamond projects in Ghana, Ivory Coast, Guinea and the Democratic Republic of Congo (DRC).

Caspian holds 0.5% royalties on production from Perseus Mining Ltd's Tengrela gold project in Ivory Coast and Grumesa gold project in Ghana, both of which are moving towards development over the next two years and will be expected to provide an initial cash flow of around US$1.3m per year from late 2013 if current gold prices are maintained.

Burey Gold Ltd is farming into Caspian's Mansounia gold project in Guinea. Caspian also has a joint venture on two diamond exploration licences at Tshikapa in the Democratic Republic of Congo which is funded by its joint venture partner, Delrand Resources Limited.

The Company intends to fund near term exploration activities in Chile via the progressive sale of non-core assets.

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More information is available on the Company's website www.caspianogl.com

The information in this report that relates to exploration results is based on information compiled by Mr Robert Perring who is a Member of the Australian Institute of Geoscientists. Mr Perring is a consultant to Caspian and a non-executive director of Caspian's subsidiary, Equus Resources Ltd. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Perring consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.