



ACN 065 212 679

NOTICE OF GENERAL MEETING

– and –

EXPLANATORY MEMORANDUM

– and –

PROXY FORM

DATE AND TIME OF MEETING:
Friday, 31 August 2012 at 3.00pm

VENUE:

Level 2, QV.1 Conference Centre
250 St George's Terrace, Perth
Western Australia 6000

These documents should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisors.



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a General Meeting ("Meeting") of the members of Caspian Oil & Gas Limited ABN 44 065 212 679 ("Caspian" or "the Company") will be held on Friday, 31 August 2012 at 3.00pm at Level 2, QV.1 Conference Centre, 250 St George's Terrace, Perth, Western Australia 6000.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting ("Explanatory Memorandum").

AGENDA

ORDINARY BUSINESS

1. Resolution 1 – Consolidation of Capital

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with section 254H of the Corporations Act, and for all other purposes, with effect from the close of business on the date of this Meeting, the issued capital of the Company be consolidated on the basis that every ten (10) fully paid ordinary shares in the capital of the Company be consolidated into one (1) fully paid ordinary share and where the number of shares held by a Shareholder of the Company as a result of the consolidation effected by this Resolution includes any fraction of a share, those fractions be rounded down to the nearest whole share."

2. Resolution 2 – Approval to issue Shares to Equus Vendors

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 108,940,951 Shares (or up to 1,089,409,510 Shares in the event Resolution 1 above is not passed) to the Equus Vendors or their nominees pursuant to the terms of the Heads of Agreement and the Share Sale Agreement and otherwise on the terms and conditions set out in the Explanatory Memorandum."

Short Explanation: Shareholder approval is sought under Listing Rule 7.1 to allow the Company to issue a number of securities that is more than 15% of its ordinary share capital on issue at the commencement of the previous 12 month period.

Voting Exclusions on this Resolution: The Company will disregard any votes cast on this Resolution by Equus Vendors, any 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 shares, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote if:

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

3. Resolution 3 – Appointment of Director Mr. Edward Jan Leschke

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to Resolution 2 being passed, Mr Edward Jan Leschke, having been nominated and having consented to act in accordance with Clause 3.4 of the Constitution, be and is hereby elected as a director of the Company with effect from the Completion Date".

4. Resolution 4 – Appointment of Director Mr. Norman Alfred Seckold

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, subject to Resolution 2 being passed, Mr Norman Alfred Seckold, having been nominated and having consented to act in accordance with Clause 3.4 of the Constitution, be and is hereby elected as a director of the Company with effect from the Completion Date".

PROXIES

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes.

Registered Office: Level 1, Suite 5, The Business Centre, 55 Salvado Road
SUBIACO, WESTERN AUSTRALIA 6008

Facsimile Number: (61 8) 9380 6761

Postal Address: P O Box 131
SUBIACO, WESTERN AUSTRALIA 6904

Each member entitled to vote at the Meeting has the right to appoint a proxy to attend and vote at the Meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the Meeting (proxy forms can be lodged by facsimile). **Members who do not plan to attend the Meeting are encouraged to complete and return a proxy form.**

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that ordinary shares held as at 5.00pm on 29 August 2012 will be taken, for the purposes of the Meeting, to be held by the persons who held them at that time.

BY ORDER OF THE BOARD



S M Shah
Company Secretary
Perth, Western Australia
30 July 2012

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Caspian Oil & Gas Limited (“**Caspian**” or the “**Company**”) in connection with the business to be conducted at the General Meeting (“Meeting”) to be held on Friday, 31 August 2012 at 3.00pm at Level 2, QV.1 Conference Centre, 250 St George's Terrace, Perth, Western Australia 6000.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting (“Explanatory Memorandum”).

On 23 July 2012, the Company announced that it had entered into a conditional agreement to acquire Equus Resources Limited, an entity with an interest in the Naltagua Copper Project in the Republic of Chile. The Meeting has been convened to give effect to this transaction. The Equus acquisition will provide the Company with an opportunity to expand its mineral resource interests to include a highly prospective copper project in a country which has a long established mining tradition and which is presently the world's largest producer of copper. Naltagua Project highlights are:

- Located in one of the main copper producing metallogenic belts of Chile in close proximity to established infrastructure.
- Situated in the Coastal Range, 80km by road south-west of Santiago.
- Geology comparable to the large El Soldado Copper Mine (200 million tonnes at 1.35% Cu), which lies 135km to the north of Naltagua.
- Previously mined between 1905 and 1945 and is largely unexplored and undrilled.
- Presents 10 identified exploration prospects - three of which are at the drill-ready stage. Drill program planned for commencement after completion of the transaction and following the receipt of the necessary environmental clearances.

The Naltagua Copper Project, upon completion of the transaction, will add to the diverse suite of mineral interests already held by Caspian and comes at a time when its Kyrgyz Republic oil and gas permits are either close to expiry (in the case of the exploration permits) or commercially exhausted (in the case of the production licences).

On completion of the transaction, some Board changes will take place as a consequence of which some existing Directors will step down and two Equus nominees (Mr Edward J Leschke and Mr Norman A Seckold) will join the Board.

The current Directors have agreed to put the Resolutions to Shareholders and, separately, have approved the information contained in this Explanatory Memorandum. All of the Directors intend to vote their Shares in favour of each of the Resolutions. Each of the Directors recommends Shareholders vote in favour of all Resolutions.

[Caspian has also lodged with ASX a copy of a recent Technical Report on the Naltagua Copper Project, commissioned by Equus. This technical report is available on the ASX website as well as on Caspian's website. Shareholders requiring a hard copy can contact the Company.]

2. RESOLUTION 1 – Consolidation of Capital

Resolution 1 proposes a consolidation of the number of Shares on issue on the basis of one (1) Share for every ten (10) Shares held (“Capital Consolidation”). Consequently, the number of options on issue will be consolidated on the basis of one (1) option for every ten (10) options held and the exercise price of such options will increase by a factor of 10.

Subject to shareholder approval, the Corporations Act, ASX Listing Rules and the Constitution allow the Capital Consolidation.

The result of the Capital Consolidation is that each Shareholder's security holding will be reduced to one tenth of its current level (fractions of a security resulting from the consolidation being rounded down to the nearest whole Share). Each Shareholder's proportional interest in the Company's share capital will, however, remain unchanged as a result of the consolidation. There may be some slight changes due to rounding. The change in capital structure of the Company following the consolidation, which is subject to adjustments for rounding, is as follows:

	Shares	Options (Note 1)
Caspian securities presently on issue	1,331,500,513	4,600,000
Adjustment for 1:10 capital consolidation *	(1,198,350,462)	(4,140,000)
Post consolidation securities on issue	133,150,051	460,000

* the adjustment for the Capital Consolidation is an approximation due to rounding provisions.

Note 1 - After consolidation, options will be exercisable at \$0.30 each on or before 31 October 2013.

The Capital Consolidation will not result in any change to the substantive rights and obligations of Shareholders or Optionholders of the Company. The purpose of the Capital Consolidation is to reduce the number of securities on issue. For example, a Shareholder currently holding 100,000 Shares will, as a result of the Capital Consolidation, hold 10,000 Shares. An Option holder currently holding 200,000 Options exercisable at 3 cents each will, as a result of the Capital Consolidation, hold 20,000 Options exercisable at 30 cents each.

The Company's paid-up capital, balance sheet and tax position will remain unaltered as a result of the Capital Consolidation.

Implementation of the Consolidation

The Capital Consolidation will take effect from the close of business on the date of this Meeting ("Effective Date"). As from the day that is four Business Days after the Effective Date, the Company will not register transfers on a pre-consolidation basis.

The Company will send a notice to all securities holders not earlier than the fifth Business Day after the Effective Date and not later than the ninth Business Day after the Effective Date advising of the number of securities held by each holder both before and after the Capital Consolidation.

Holding statements or advice to CHESS holders (as applicable) for the securities will be sent to holders not earlier than the fifth Business Day after (but not including) the Effective Date and not later than the ninth Business Day after (but not including) the Effective Date. The Company will, from the date that is five Business Days after the Effective Date, reject transfers accompanied by holding statements issued before the Capital Consolidation.

Timetable for the Capital Consolidation

Based upon the above, an indicative timetable assuming shareholder approval is obtained will be as follows:

Event	Date
Date of meeting to approve Capital Consolidation	Friday, 31 August 2012
Effective date of capital consolidation	Close of business 31 August 2012
Last day for trading in pre-reorganised securities	Monday, 3rd September 2012
Trading in the reorganised securities on a deferred settlement basis starts	Tuesday, 4 September 2012
Last day to register transfers on a pre-reorganisation basis	Monday, 10 September 2012
First day to register securities on a post-reorganisation basis and first day for issue of holding statements	Tuesday, 11 September 2012
Deferred settlement market ends and dispatch of security holding statements or CHESS advice (as applicable)	Monday, 17 September 2012

Fractional Entitlements

The Capital Consolidation will result in some holders of shares and options receiving a fraction of a share or an option. These fractional entitlements will be eliminated as part of the consolidation, so that the consolidated holding will be rounded down to the nearest whole number.

3. RESOLUTION 2 – Issue of Shares to Equus Vendors

(a) Introduction

As announced on 23 July 2012, the Company has entered into the Heads of Agreement to acquire the Naltagua Copper Project in Chile by purchasing all of the issued shares in an unlisted Australian company, Equus Resources Limited (“Equus”). The purchase consideration will comprise Shares in Caspian, such that, following the completion of the transaction, the former Equus shareholders will hold 45% of the issued Shares in Caspian.

Equus is a company incorporated in Australia which, through its wholly owned Chilean subsidiary Minera Equus Chile Limitada (“**Equus Chile**”), has an option to acquire 100% of a contiguous group of 14 mining licences covering an area of 18.05 km² and 75% of the known areal extent of the large (4km by 2km) Naltagua copper system.

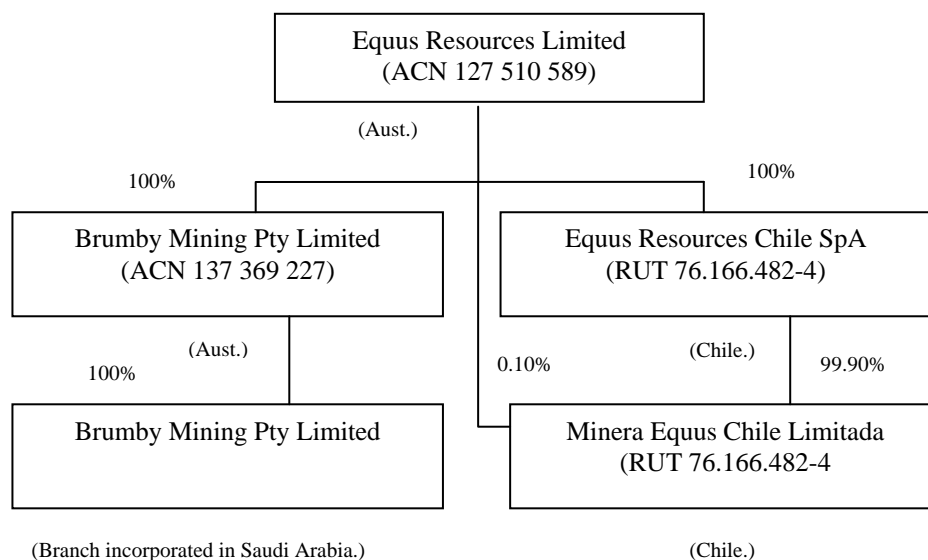
Pursuant to an option purchase agreement between Equus Chile and Mr Tsuyoshi Nishimura Matsumoto (“**Licence holder**”), dated 29 September 2011 (Option Agreement), Equus Chile has the right but not the obligation to acquire the mining licences on an outright basis by making payments of US\$100,000 in September 2012 and September 2013, with a final payment of US\$4.3 million in September 2014 to the licence holder.

Further details of the Naltagua Project are set out in Section C below.

On completion of the Equus transaction, the board of Caspian will be restructured with the appointment of Messrs Edward J Leschke and Norman A Seckold (Resolutions 3 and 4), as nominated by Equus. It is anticipated that, upon successful completion of this transaction following the shareholders’ meeting, a number of existing Caspian directors will step down from the Board.

(b) EQUUS - Corporate Structure

The following diagram depicts the current corporate structure of the Equus group of companies;



- (i) Equus Resources Limited – is an unlisted Australian public company, incorporated on 9 December 2009.
- (ii) Equus Resources Chile SpA – is a Chilean Investment Company, incorporated on 26 August 2011.
- (iii) Minera Equus China Limitada – is a Chilean exploration company, incorporated on 30 August 2011, and party to the option purchase agreement with the Naltagua Project licence holder.
- (iv) Brumby Mining Pty Limited – is an Australian exploration company (presently inactive), incorporated on 28 May 2009, with a branch registered in Saudi Arabia on 7 June 2010. It is intended for this company to deregister its branch status in Saudi Arabia and then be wound up in Australia.

(c) Naltagua Copper Project, Chile

The Naltagua Copper Project (“Naltagua”) is located in one of the main copper producing metallogenic belts of Chile and was previously mined between 1905 and 1945. It is in close proximity to established infrastructure, situated in the Coastal Range, 80km by road south-west of Santiago. The geology is comparable to the large El Soldado Copper Mine (200 million tonnes at 1.35% Cu), which lies 135km to the north of Naltagua. It is largely unexplored and undrilled and currently presents 10 identified exploration prospects of which three are considered to be at a drill-ready stage.

Tenure and Commercial Terms for Naltagua Project acquisition

Equus has 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 (4km by 2km) Naltagua copper system. Under the terms of the option agreement, Equus made an initial option payment of US\$500,000 and has the right but not the obligation to acquire the mining licences on an outright basis by making further payments of US\$100,000 in September 2012 and September 2013, with a final payment of US\$4.3 million in September 2014 to the licence holder.

On commencement of commercial production at Naltagua, a 1% net smelter royalty is payable to the licence holder subject to a maximum payment of US\$5 million.

Schedule of Mining Licences at Naltagua

A. Granted Exploitation Mining Concessions

	Concession's Name	Registered Owner (100% interest)	Concession Type	Area (ha)
1	Carmencita Siete 1	Tsuyoshi Nishimura Matsumoto	Exploitation	1
2	Carmencita 11, 1-30	Tsuyoshi Nishimura Matsumoto	Exploitation	30
3	San Lorenzo 1, 1-34	Tsuyoshi Nishimura Matsumoto	Exploitation	147
4	San Lorenzo 2, 1-51	Tsuyoshi Nishimura Matsumoto	Exploitation	221
5	San Lorenzo 3, 1-52	Tsuyoshi Nishimura Matsumoto	Exploitation	152
6	Carmen Alto 2, 1-23	Tsuyoshi Nishimura Matsumoto	Exploitation	188
7	Carmen Alto 3, 1-26	Tsuyoshi Nishimura Matsumoto	Exploitation	155
8	Carmen Alto 4, 1-14	Tsuyoshi Nishimura Matsumoto	Exploitation	56
9	Carmen Alto 5, 1-30	Tsuyoshi Nishimura Matsumoto	Exploitation	175
10	Mater 1, 1-30	Tsuyoshi Nishimura Matsumoto	Exploitation	295
11	Mater II, 1-10	Tsuyoshi Nishimura Matsumoto	Exploitation	100
12	Carmencita 1, 1-100	Tsuyoshi Nishimura Matsumoto	Exploitation	96
13	Carmencita 2, 1-114	Tsuyoshi Nishimura Matsumoto	Exploitation	114

The exploitation licences are held in perpetuity under Chilean constitution and mining law, subject to compliance with the terms of relevant law and timely payment of rents, rates and fees.

B. Exploitation Mining Concessions in Process.

	Concession's Name	Registered Owner	Concession Type	Area (ha)
1	Mater III, 1-16	Tsuyoshi Nishimura Matsumoto	Exploitation in process	75

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.

Exploration (2000 to 2009)

Noranda and Freeport inspected the area and, based on limited mapping and rock-chip sampling, formed the view that the copper resource potential of the black shale-hosted copper deposits was limited to approximately 25mt of copper ore. 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 despite an extensive search of the records.

Equus Exploration (August 2011 – July 2012)

In contrast to previous investigators, Equus has been targeting the prospective primary feeder-zones to the copper system; the hydrothermal breccia pipes, the sheets of volcanic breccia 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, a drilling contract has been signed for a start in the near future following the receipt of the necessary environmental clearances, and the IP coverage is being expanded to define new targets.

Geology

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.

Mineralization and Preliminary Metallurgical Testwork

The mineralisation comprises disseminated bornite and minor chalcopyrite associated with low-intensity calcite-chlorite-epidote-albite (propylitic) alteration in andesite, latite and rhyodacite volcanics and breccias (Figure 3). A 30kg metallurgical sample was collected from the Yerba mine dump (Figure 4) and despatched to ALS Amtec 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.

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 9.9g/t Ag (Figure 5). The down-plunge component has been mapped using IP to the effective limit of this geophysical method (~250m). A drill program has been planned for commencement after completion of the transaction and following the receipt of the necessary environmental clearances.

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. Twenty-four (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 (Figure 6). Drilling is planned.

Lomas Prospect: Ground follow-up of a coherent, broad (260m) Induced Polarization (IP) chargeability anomaly (Figure 7) 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 crop-out at surface. 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.

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.

Induced Polarisation (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.

Resource definition drilling is scheduled to commence immediately upon completion of this transaction. 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.

(d) Equus Transaction Documents

A summary of the key agreements and their commercial terms are summarised as follows:

(i) Mining Concessions Purchase Option Agreement (between Licence holder and Equus Chile)

The agreement, dated 29 September 2011, grants Equus Chile the right but not the obligation to acquire the mining licences on an outright basis by making payments of US\$100,000 in September 2012 and September 2013, with a final payment of US\$4.3 million in September 2014 to the licence holder.

Equus Chile undertook to expend at least US\$300,000 in exploration expenditure in the first 12 months of the agreement.

(ii) Heads of Agreement between the Company and Equus and Share Sale Agreement between the Company and the Equus Vendors

The Company will purchase 100% of the Equus shares held by each Equus Vendor and Equus is entitled to nominate two persons to the Company Board (the subject of Resolutions 3 and 4). Purchase consideration will comprise approximately 108,940,951 Shares in Caspian, equating to 45% of the issued shares in the Company following the completion of the transaction. In the event that the 1 for 10 Capital Consolidation, the subject of Resolution 1, is not approved by Shareholders, the number of Caspian Shares that will be issued as consideration will amount to 1,089,409,510.

The agreements also contain warranties and undertakings of the type usually found in agreements of this nature.

(e) Effects of Transaction on the Company

(i) Proforma capital structure

The proforma capital structure of the Company following the Completion Date will be as follows;

Shares	Number
Shares (after Capital Consolidation – Resolution 1)*	133,150,051
Issue of Shares to Equus Vendors	108,940,951
Total	242,091,002
Options	Number
Options at the date of this notice (after Capital Consolidation – Resolution 1)	460,000
Total	460,000

**subject to rounding under the Capital Consolidation*

(ii) Proforma Statement of Financial Position

The pro-forma Statement of Financial Position of the Company by reason of the Equus transaction is set out below.

	Actual 31 December 2011 \$	Proforma 31 December 2011 \$
Notes		
Current assets		
Cash & cash equivalents	327,045	586,033
Receivables	256,501	259,765
Inventories	2,205,536	2,205,536
Other	267,839	283,335
Assets classified as held for sale	428,859	428,859
Total current assets	3,485,780	3,763,528
Non-current assets		
Receivables	-	15,134
Available for sale financial assets	1,966,988	1,966,988
Property, Plant & equipment	1,167,582	1,195,955
Mineral interest acquisition, exploration and development assets	3,339,959	8,434,552
Other	116,142	116,142
Total non-current assets	6,590,671	11,728,771
Total assets	10,076,451	15,492,299
Current liabilities		
Payables	297,665	315,906
Total current liabilities	297,665	315,906
Total liabilities	297,665	315,906
Net assets	9,778,786	15,176,393
Equity		
Contributed equity	99,362,502	104,809,552
Reserves	(584,010)	(633,453)
Accumulated losses	(88,908,969)	(88,908,969)
Non-controlling interests	(90,737)	(90,737)
Total equity	9,778,786	15,176,393

Notes: In preparing the Proforma Statement of Financial Position, the Company has used its December 2011 Statement of Financial Position and Equus's March 2012 Statement of Financial Position. The only substantive proforma adjustment has been the accounting for the issue of 108,940,951 Caspian Shares as consideration for the purchase of Equus shares at a deemed issue price of 5 cents per Share (being the last market closing price of 0.5 cent per Share at the time of preparing this Explanatory Memorandum multiplied by 10, being the capital consolidation ratio).

(f) Specific Information required under ASX Listing Rules

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

The issue of Shares to Equus Vendors will exceed the Company's 15% capacity under Listing Rule 7.1. The purpose of Resolution 2 is to seek Shareholder approval to issue Shares to Equus Vendors as the consideration payable for the acquisition of Equus.

Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek Shareholder approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to this Resolution.

- (a) Subject to the passing of Resolution 1, the maximum number of Shares to be issued to the Equus Vendors by the Company is 108,940,951. In the event that Resolution 1 (1 for 10 Capital Consolidation) is not approved, the maximum number of Shares to be issued to the Equus Vendors by the Company will be 1,089,409,510
- (b) The Shares will be allotted and issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). It is intended that all the Shares will be allotted on one date.
- (c) The Shares will be issued for a deemed issue price of approximately 5 cents each (or 0.5 cent each if Resolution 1 is not passed and the Company issues 1,089,409,510 Shares as consideration).
- (d) The allottees of the securities will be Equus Vendors.
- (e) The Shares issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- (f) No funds will be raised by issue of these Shares, which form the consideration payable by the Company for the acquisition of Equus.

A voting exclusion statement is included with the Resolution.

The information in this Explanatory Memorandum that relates to the Naltagua Copper Project has been compiled by Mr Robert Perring who is a Member of the Australian Institute of Geoscientists. Mr Perring is a consultant to, and Non-Executive Director of Equus Resources Limited and has sufficient experience relevant to the style of mineralisation under consideration 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 information in the form and context in which it appears.

Caspian has also lodged with ASX a copy of a recent Technical Report on the Naltagua Copper Project, commissioned by Equus. This technical report is available on the ASX website as well as on Caspian's website. Shareholders requiring a hard copy can contact the Company.

4. RESOLUTIONS 3 and 4 – Appointment of Messrs Edward J Leschke and Norman A Seckold as Directors

Under the terms of the Heads of Agreement, Equus is entitled to nominate two persons to the board of directors of the Company for appointment on the Completion Date. Equus has nominated Mr Edward J Leschke and Mr Norman A Seckold (who are both existing directors of Equus) for those positions and the Directors of the Company have deemed it appropriate to seek shareholder approval by way of Resolutions 3 and 4.

Details of Mr Leschke's and Mr Seckold's qualifications and experience are provided below. It is anticipated that Mr Leschke will serve as an executive with direct responsibility for the Naltagua Copper Project (a project that he has been intimately involved with since Equus acquired the rights to the project), whilst Mr Seckold will serve as a non-executive director.

Mr. Edward J Leschke

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.

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 the two wholly owned subsidiaries in the Republic of Chile.

During the past three years, Mr. Leschke has not served as a Director of any other listed companies.

Mr. Norman A. Seckold

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 and 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
- Chairman of Cockatoo Coal Limited, an Australian coal mining, exploration and project development company.

Mr. Seckold is currently serving as a Director of the following listed companies:

- Augur Resources Ltd (Chairman) - a mineral exploration and development company operating in Australia and Indonesia
- Cerro Resources N.L., a precious metals exploration company currently developing a project in Mexico
- Planet Gas Limited, a coal-bed methane and geothermal exploration and development company operating in Australia.

The resolutions for the appointment of Mr Leschke and Mr Seckold are subject to the passing of Resolution 2 and their appointments will only become effective on the Completion Date (ie the date on which the Company completes the acquisition of 100% of the issued shares in Equus).

5. GLOSSARY

In the Notice of Meeting and Explanatory memorandum, unless the context otherwise requires:

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Company or Caspian means Caspian Oil & Gas Limited (ACN 065 212 679).

Completion Date means the date, following the Meeting date, on which the Company completes the acquisition of all of the issued shares in Equus and is recorded as the sole shareholder in Equus and the issue of the Vendor Shares.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equus means Equus Resources Limited ACN 141 023 403.

Equus Vendors means all of the shareholders in Equus on the Completion Date immediately prior to the completion of the sale of their Equus shares to Caspian.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

General Meeting or Meeting means the meeting convened by the notice.

Heads of Agreement means the agreement dated 21 July 2012 between the Company and Equus setting out the key commercial terms upon which Caspian would acquire all the issued shares in Equus.

Notice or Notice of Meeting or Notice of General Meeting means this notice of general meeting including the Explanatory Memorandum and the Proxy Form.

Option means a right to acquire fully paid ordinary shares in the Capital of the Company, at the said exercise price.

Option holder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Sale Agreement means the agreement between each Equus Vendor and the Company for the sale and purchase of that vendor's shares in Equus.

WST means Western Standard Time as observed in Perth, Western Australia.

Addendum to Explanatory Memorandum

Caspian presents a summary of the key risks that may impact on its proposed new investment in Chile, as well as a summary of the fiscal regime and mining legislation that presently exists in Chile. This is not meant to be an exhaustive commentary nor a complete analysis of these matters, but merely a summary to make Shareholders aware of key matters and enable them do their own further research into these matters if considered appropriate.

An investment in the Naltagua Copper Project poses the same technical risks that any mineral sector investment entails and these are summarised below. Commentary on risk factors applying specifically to Chile must be however be considered in context - whilst Chile is a developing country and changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations of the Company, it should be noted that, Chile has in fact an “A” rating for sovereign risk and is currently ranked number 12 in the world (above most developed nations). Chile has arguably been Latin America’s most successful economy. The country has a track record of implementing sound economic policies, and its institutions are strong. Chile has the highest level of human development and economic freedom, coupled with the lowest level of corruption in Latin America and ranking 17th in the world (Australia ranks 8th and the USA ranks 18th). The country has considerable natural resources, in particular large copper deposits. As a result, Chile is the world’s biggest copper exporter with a market share of 40%, while it has enough copper reserves to continue producing at the existing level for 60 years. The quality of the financial sector in Chile is high and the dollarization level of the sector is low, which means that the vulnerability to sharp exchange rate moves is low. Moreover, capitalization levels are high and as 85% of bank funding comes from domestic sources, reliance on external borrowing is low.

Industry Risks

(a) Mining and exploration risks

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase. No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

(b) Commodity price risk

The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for copper and other minerals is subject to many variables and may fluctuate markedly. Commodities are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars, US dollars and Chilean pesos. As a result, any significant and/or sustained fluctuations in the exchange rate between these currencies and/or adverse movements in commodity prices, could have a materially adverse effect on its operations, financial position and performance.

(c) Resources & reserves risk

Resources estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(d) Reliance on Key Personnel

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the metals and mining industry and the Company's ability to retain its key executives.

(e) Future Capital Needs and Additional Funding

The Company's ability to raise further capital (equity or debt, including for the purpose of exercising the option to acquire the Naltagua Project on an outright basis) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

(f) Competition

The Company competes with other companies, including major mineral exploration and mining companies. These companies will likely have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

Chilean Country Risks

(g) General economic factors

Changes in both the global and specifically Chilean economic climate may adversely affect the financial performance of the Company. Factors, which may contribute to that general economic climate, include movements in interest rates and currency exchange rates and the overall state of the equity/debt capital markets that the Company may rely on to fund current and future activity.

(h) Taxation and foreign investment rules

Any changes to the Chilean direct and indirect taxation rates and the flow of capital in and out of Chile will impact on financial performance and cash flows, the ability to pay dividends and the ultimately the price of Caspian's securities which could impact investor returns. Any changes to the current rates of income tax applying to individuals will similarly impact on investor returns. In addition, any change in tax arrangements between Australia, Chile and other applicable jurisdictions could have an adverse impact on any future net profit after tax and net operating cash flows.

With respect to current taxation rates and rules governing foreign investment into Chile, *please make reference to the section below titled "Chilean Foreign Investment System"*.

(i) Land access risk

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which propriety knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. In Chile, the concession holder has the right, upon agreeing any compensation with the land holder, to occupy as much of the surface land as is required for exploration or mining activities. It is also open to the concession holder to seek access to land through the civil courts of Chile.

For background information with respect to Mining concessions, please refer to the section below titled "*Chilean Mining Concessions and Environmental Considerations*".

(j) Chilean risks and Chilean Government policy

Caspian is subject to the risks normally associated with the conduct of business in foreign countries. Risks pertaining to Chile may include, amongst other things, earthquakes and severe weather conditions, labour disputes, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, opposition to mining from environmental or other non-governmental organisations or changes in the political attitude towards mining activities, infrastructure limitations and increased financing costs. Emerging markets such as Chile are potentially subject to more volatility and greater risk than more mature markets. It should be noted that the emerging markets are frequently subject to change and therefore some of the information set out in this document may become outdated. As noted above, the political climate in Chile is currently stable and generally held to offer a favourable outlook for foreign investments. There is no guarantee that they will remain so in the future. Changes in government, regulatory and legislative regimes, potentially leading to expropriation of mining rights cannot be ruled out.

(k) Environmental

Chilean exploration and mining activities are subject to various laws and regulations regarding environmental matters. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

Chilean Foreign Investment System

The Chilean foreign-investment system is a constitution mandated and based on non-discriminatory rules between local and foreign investors. Foreign investments brought into Chile are reportable to the Central Bank of Chile in two possible forms;

- Under Chapter XIV of the central bank's foreign-exchange regulations – this is an informal channel that provides foreign investors with a quick process to invest in the country; and
- Decree Law (DL) 600 (1974) – this is a more formal channel that provides a favourable route for investments of US\$5 million or more. In summary, this allows tax stability for 10 years from start of production, access to the foreign exchange market and the right to return capital actually brought into the country without being taxed. In return for these concessions foreign investors have to pay a combined tax rate of 42% compared with the current 35% rate – the combined tax rate referred to here is inclusive of corporate income tax and withholding tax (for example, on repatriation of dividends). They may change, but once only, to the current mining tax regime but generally industry practice is to opt for the higher tax rate so as to provide more financial certainty.

Royalty

The so-called Royalty Act (the “Royalty Act”) establishes a specific tax on mining activities (the “Mining Tax”), levied on mining companies whose annual sales are greater than the equivalent value of 12,000 metric tons of fine copper (“MFT”).

The Mining Tax is levy on the “taxable operational income” of the “mining exploiters” (whoever extracts and sell mining products, which could be subject to mining concessions). The taxable operational income is defined as follows:

The value obtained after deducting from the annual sales those costs and expenses associated to sales which would qualify as deductible costs and expenses under the general rules of the Income Tax Act.

The tax rate starts at 0.5% for sales in excess of 12,000 MFT and no greater than 15,000 MFT to 4.5% for sales in excess of 40,000 MFT. When the value of sales exceeds 50,000 MFT, Law 20.469 of 21st October 2010 provides for new rates based on part of mine operational profit. The current legislation pursuant to Act No. 20.469 increased the rates payable by mining companies from 4% to 9% of their taxable operational income effective from 2010 and for the next two years 2011 and 2012. Rates applicable from 2013 onwards start from 5% (mine operational profit equal to or less than 35%) to 14% (mine operational profit in excess of 85%).

Chilean Mining Concessions and Environmental Considerations

Exploration, development and mining activities are regulated under various laws, including the Constitution of the Republic of Chile (1980) – which establishes the following core principles:

- (i) the State is the owner of all mineral resources, the State has absolute, exclusive and inalienable ownership of all mines located within its territory;
- (ii) the Constitution allows the exploration and exploitation of mineral deposits by private companies/individuals (local/foreign) through mining concessions;
- (iii) the mining concessions shall always be granted by a judicial resolution, and the ownership of the mining concession is protected by the constitutional guarantee of the right of property;
- (iv) once a mining concession is granted, its owner will be entitled to explore or exploit all the mines located within the area of its concessions and to become the owner of all mineral substances that are able to be removed;
- (v) in addition to the above, if the mining concession is expropriated from a person’s property, then the owner shall be entitled to be compensation; and
- (vi) constitutional guarantee of having the right to live in a pollution-free environment - “It is duty of the State to supervise that this right is not affected and to safeguard the preservation of nature. The law may establish specific restrictions to the exercise of determined rights or liberties to protect the environment”.

ShareholderName and address of shareholder of
Caspian Oil & Gas Ltd.

Name

Address

Appoint a Proxy to vote on your behalf

I/We being a member/s of Caspian Oil & Gas Limited and entitled to attend and vote hereby appoint

☐The Chairman
of the Meeting
(mark with an "X")**OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding your own name) you are appointing as your proxy.

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Caspian Oil & Gas Limited to be held on 31 August 2012 and at any adjournment of that meeting.

Voting directions to your proxy – please mark ☒ to indicate your directions

	For	Against	Abstain*
Resolution 1 – Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Shares to Equus Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Appointment of Director Mr. Edward Jan Leschke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Appointment of Director Mr. Norman Alfred Seckold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote, please place a mark in the box →→ ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of any resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. **The Chairman of the Meeting intends to vote in favour of all the resolutions in which the Chairman is entitled to vote undirected proxies.**

If you do not mark the above box and you have not directed your proxy how to vote in the boxes below, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called.

PLEASE SIGN HERE - This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Dated: ____/____/2012

How to complete the Proxy Form

1 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

2 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

3 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

4 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 3.00pm (Perth time) on 29 August 2012. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON: Registered Office – Suite 5, First Floor, The Business Centre, 55 Salvado Road, Subiaco, Western Australia 6008

BY MAIL: Registered Office - Suite 5, First Floor, The Business Centre, 55 Salvado Road, Subiaco, Western Australia 6008
Or to PO Box 131, Subiaco, Western Australia 6904

BY FAX: [+61 8] 9380 6761