

Form 605
Corporations Act 2001
Section 671B

Notice of ceasing to be a substantial holder

To Company Name/Scheme Caspian Oil and Gas Limited

ACN/ARSN 44 065 212 679

1. Details of substantial holder (1)

Name Santos Limited and all bodies corporate controlled by Santos Limited (together, the Santos Group)
ACN/ARSN (if applicable) Santos Limited: ABN 80 007 550 923

The holder ceased to be a substantial holder on 03 / 05 / 2012
The previous notice was given to the company on 14 / 10 / 2009
The previous notice was dated 12 / 10 / 2009

2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to change (5)	Class (6) and number of securities affected	Person's votes affected
02/05/2012	Santos Limited	Share Sale Agreement (refer Annexure A)	A release, in a form agreed between Santos International Holdings Pty Ltd, Xtract International Limited and Xtract Energy PLC, pursuant to which those parties agree to terminate the Farmin Subscription Agreement entered into between them on 21 October 2008, and release each other from obligations under that agreement and the Shareholders Agreement for Zhibek Resources Ltd (except certain obligations that are specified to continue)	140,000,000 fully paid ordinary shares	140,000,000

3. Changes in association

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association

4. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Santos Limited (Santos Group)	Ground Floor, Santos Centre, 60 Flinders Street, Adelaide SA 5000

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

date 3/5/2012

This is Annexure "A" of 14 pages referred to in the Form 605
(Notice of Ceasing to be a Substantial Holder),
signed by me and dated 3 May 2012.



David Thuan Jin Lim
Company Secretary

SHARE SALE AGREEMENT

SANTOS LIMITED

XTRACT INTERNATIONAL LIMITED

JOHNSON WINTER & SLATTERY
L A W Y E R S

211 Victoria Square, Adelaide SA 5000
GPO Box 2649, Adelaide SA 5001
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SHARE SALE AGREEMENT

DATE 3rd May 2012

PARTIES

- 1 **SANTOS LIMITED** ABN 80 007 550 923 of Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia (**Vendor**); and
- 2 **XTRACT INTERNATIONAL LIMITED** (Company Number 05061163), a company incorporated under the laws of the United Kingdom of Fetcham Park House, Lowe Road, Fetcham, Surrey, England, KT22 9HD (**Purchaser**).

RECITALS

- A The Vendor is the legal and beneficial owner of the Shares.
- B The Purchaser and a wholly owned subsidiary of the Vendor, SIHPL, are parties to the Farmin Subscription Agreement and the Shareholders Agreement.
- C In return for the Purchaser agreeing to release SIHPL from certain of its obligations under the Farmin Subscription Agreement and the Shareholders Agreement, the Vendor has agreed to sell the Shares to the Purchaser on the terms set out in this document.

OPERATIVE PART

1 Definitions and Interpretation

1.1 Definitions

In this document:

Business Day means a day other than a Saturday, Sunday or public holiday in Adelaide, South Australia or London, United Kingdom.

Claims against any person, means any claim, action, proceeding or demand brought or made against that person, and any cost, expense, Loss or liability incurred, or suffered by, or recovered against, that person, however arising (whether or not presently ascertained, immediate, future or contingent).

Company means Caspian Oil & Gas Limited ABN 44 065 212 679.

Completion means the performance by the parties of the obligations assumed by them respectively and which are required to be performed on the Completion Date.

Completion Date means the date of this document (or any other date agreed to in writing by the parties).

Deed of Termination and Release means a deed of termination and release in a form agreed by the Purchaser, SIHPL and Xtract Parent on or before the date of this document, pursuant to which the parties thereto agree to terminate the Farmin Subscription Agreement and release each other from obligations under that agreement (except certain obligations that are specified to continue) and to release SIHPL and its Related Parties from certain funding obligations and associated claims under the Farmin Subscription Agreement and the Shareholders Agreement.

Encumbrance means any caveat, charging order, equity interest, writ of execution, right of set-off, lease, licence to use or occupy, any other adverse right or interest of any nature, any Security Interest and any agreement to create any of them or allow any of them to exist.

Farmin Subscription Agreement means the farmin subscription agreement between SIHPL, the Purchaser and Xtract Parent, dated 21 October 2008, under which SIHPL agreed to acquire a 75% interest in the issued ordinary share capital of Zhibek.

Loss means any loss, cost, charge, liability, expense, damage or diminution in value of any kind or character including, without limitation, interest on any amount payable to a third party as a result of the foregoing, any liability on account of taxation or other statutory impost and any legal or other expenses reasonably incurred in connection with investigating or defending any claim or action, whether or not resulting in any liability.

Related Parties means, in respect of a party, the related bodies corporate of that party (within the meaning of section 50 of the *Corporations Act 2001* (Cth)) and the directors, officers, employees, agents, successors and assigns of that party and its related bodies corporate.

Security Interest means any bill of sale (as defined in any legislation), mortgage, charge, lien, pledge, hypothecation, title retention arrangement, trust or power, as or in effect as security for the payment of money or observance of any other obligation and any arrangement having a similar economic effect.

Shareholders Agreement means the shareholders agreement between SIHPL, the Purchaser and Zhibek under which SIHPL and the Purchaser agreed to regulate the affairs of Zhibek.

Shares means 140,000,000 fully paid ordinary shares in the Company owned by the Vendor, together with all benefits, rights and entitlements accrued or attaching to those shares as at the date of this document and thereafter.

SIHPL means Santos International Holdings Pty Ltd ABN 57 057 585 869.

Xtract Parent means Xtract Energy Plc (Company Number 5267047), a company incorporated under the laws of the United Kingdom.

Zhibek means Zhibek Resources Limited (Company Number 5059363), a company incorporated under the laws of the United Kingdom.

1.2 Interpretation

In this document, unless a contrary intention appears:

- (a) words or expressions given meaning in the recitals have the same meaning in the body of this document;
- (b) words or expressions importing the singular include the plural and vice versa;
- (c) words or expressions importing a gender include the other gender;
- (d) words or expressions denoting individuals include corporations, firms, unincorporated bodies, government authorities and instrumentalities;
- (e) a reference to a party includes that party's successors and permitted assigns;
- (f) if a party to this document is made up of more than one person, or a term is used in this document to refer to more than one party, an obligation of those persons is joint and several, a right of those persons is held by each of them separately, and any other reference to that party or term is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking is given by each of them separately;
- (g) where a word or expression is defined or given meaning, another grammatical form has a corresponding meaning;
- (h) any heading, index, table of contents or marginal note is for convenience only and does not affect the interpretation of this document;

- (i) a provision of this document shall not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this document or the inclusion of the provision in this document;
- (j) a reference to this document or another document includes that document as amended, varied, novated, supplemented or replaced from time to time;
- (k) a reference to legislation or a provision of legislation includes:
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (l) any recitals, schedule or annexure form part of this document and have effect as if set out in full in the body of this document;
- (m) a reference to **dollars** or **\$** is a reference to Australian dollars;
- (n) a reference to a payment in **immediately available funds** refers to cash, a bank cheque the drawer of which is an Australian bank, a telegraphic transfer of cleared funds or a direct credit of cleared funds.

2 Sale and Purchase

2.1 Sale and Purchase

The Vendor agrees to sell and the Purchaser agrees to purchase the Shares on the Completion Date on the terms and conditions set out in this document.

2.2 Consideration for Shares

The Purchaser agrees to deliver, and the Vendor agrees to accept, the Deed of Termination and Release in consideration for the Shares.

2.3 Property in Shares

On Completion, property and title to the Shares will pass to the Purchaser free from all Encumbrances.

3 Completion

3.1 Time and Place

Completion of the sale and purchase of the Shares will take place at 11:00am on the Completion Date at the office of the Vendor (60 Flinders Street, Adelaide SA 5000), or such other time and place agreed by the Vendor and the Purchaser in writing.

3.2 Vendor's Obligations

On the Completion Date, the Vendor will confer on the Purchaser beneficial ownership of the Shares, and, to this end, must on the Completion Date deliver to the Purchaser a properly executed transfer of the Shares in registrable form naming as transferee the Purchaser or its nominees.

3.3 Purchaser's obligations

On the Completion Date, subject to the Vendor complying with clause 3.2, the Purchaser will:

- (a) deliver to the Vendor the duly executed Deed of Termination and Release; and
- (b) accept the instrument of transfer of the Shares from the Vendor.

3.4 Purchaser's Notice to Complete

If the Vendor fails to perform any of its obligations at Completion on the Completion Date and the Purchaser is ready, willing and able to perform its obligations, then the Purchaser need not perform its obligations at Completion and may give the Vendor written notice setting a new date for Completion (which must be a Business Day not less than 2 Business Days, nor more than 5 Business Days, after the date then scheduled for Completion).

3.5 Vendor's Notice to Complete

If the Purchaser fails to perform any of its obligations at Completion on the Completion Date and the Vendor is ready, willing and able to perform its obligations, then the Vendor need not perform its obligations at Completion and may give the Purchaser written notice setting a new date for Completion (which must be a Business Day not less than 2 Business Days, nor more than 5 Business Days, after the date then scheduled for Completion).

3.6 Failure to Complete

If any of the Purchaser or the Vendor does not perform their obligations on the new date scheduled for Completion pursuant to the previous clauses the other party may terminate the agreement the subject of this document.

4 Additional Obligations

4.1 Substantial Shareholder Notices

The Vendor and Purchaser must each comply with its own obligations to lodge substantial shareholder notices, as and when required under the *Corporations Act 2001* (Cth).

4.2 Vendor's Post Completion Obligations

With effect from Completion until the registration of the transfer of the Shares to the Purchaser is completed, the Vendor will only:

- (a) deal with the Shares and any distributions and property accruing to the Vendor in respect of the Shares;
- (b) exercise any rights attaching to the Shares; and
- (c) do any other act or thing in respect of the Shares,

in accordance with the reasonable directions of the Purchaser.

4.3 Purchaser's Post Completion Obligations

The Purchaser must, as soon as practicable after Completion, lodge an instrument of transfer of the Shares with the applicable share registry.

5 Warranties and Indemnities

5.1 Vendor's Warranties

The Vendor warrants and represents to the Purchaser that, as at the date of this document and as at the Completion Date:

- (a) the Vendor has the legal right and power and has taken all necessary corporate action to authorise the entry into and the performance of this document and to carry out the transactions contemplated by this document without the need for any further act or authorisation;

- (b) the Vendor is the legal and beneficial owner of the Shares free and clear from any Encumbrance; and
- (c) the Vendor has not granted to any person any right, power or option to purchase or acquire the Shares or any interest in the Shares.

5.2 Purchaser's Warranties

The Purchaser warrants and represents to the Vendor that as at the date of this document and as at the Completion Date the Purchaser has the legal right and power and has taken all necessary corporate action to authorise the entry into and the performance of this document and to carry out the transactions contemplated by this document.

5.3 Construction of Warranties

Each of the warranties in clauses 5.1 and 5.2 are to be construed independently of the others and are not limited by reference to any other warranty.

5.4 Exclusion of Implied Obligations

To the maximum extent permitted by law, every condition, warranty, term, provision, representation or undertaking (express, implied, written, oral, collateral, statutory or otherwise) except the warranties in clauses 5.1 and 5.2 are excluded.

5.5 No Reliance

The Purchaser acknowledges and affirms that:

- (a) the Vendor (and its Related Parties) make no warranties or representations regarding the value of the Shares, the Company or the future prospects and performance of the Company;
- (b) it has not relied on any warranties, representations, statements, opinions, conditions or terms in entering into or carrying out the transactions contemplated by this document, other than the warranties set out in clause 5.1; and
- (c) in entering into this document, it has made its own independent investigation, analysis and evaluation of the Shares and affirms that in making the decision to purchase the Shares, it has relied to that extent on its independent investigation and those of its representatives, including professional, legal, tax, financial, corporate and other advisers.

5.6 Recovery

If a party (**Payor**) pays the other party (**Payee**) any amount as the result of a Claim and the Payee subsequently recovers an amount or receives a benefit because of the matters giving rise to the Claim (including, without limitation, amounts or benefits received from suppliers, manufacturers or insurers), the Payee must pay to the Payor as soon as practicable an amount equal to the benefit received by the Payee less any costs or liabilities incurred by the Payee in obtaining or receiving that benefit to a maximum amount equal to the payment made by the Payor.

6 GST

6.1 GST Gross-Up

If a party (**the supplier**) is required to pay GST in respect of a supply made under or in connection with (including by reason of a breach of) this document, the recipient of the supply must (in addition to any other payment for, or in connection with, the supply) pay to the supplier an amount in respect of GST equal to the consideration in respect of the taxable supply multiplied by the rate of goods and services tax (**GST gross-up**).

6.2 GST Invoice

If a GST gross-up is payable, then the supplier must give the recipient a tax invoice for the supply.

6.3 Payment

Provided a tax invoice has been given, the GST gross-up must be paid by the recipient:

- (a) if any monetary consideration is payable for the supply, at the same time and in the same manner as such monetary consideration;
- (b) if no monetary consideration is payable for the supply, within 10 Business Days after the day on which the tax invoice is given.

6.4 Reimbursements

If any payment to be made to a party under or in connection with this document is a reimbursement or indemnification of an expense or other liability incurred or to be incurred by that party, then the amount of the payment must be reduced by the amount of any input tax credit to which that party (or its representative member) is entitled for that expense or other liability, such reduction to be effected before any increase in accordance with clause 6.1.

6.5 Adjustments

If an adjustment event has occurred in respect of a supply made under or in connection with this document, any party that becomes aware of the occurrence of that adjustment event must notify the other party as soon as practicable, and the parties agree to take whatever steps are necessary (including to issue an adjustment note), and to make whatever adjustments are required, to ensure that any GST or additional GST on that supply, or any refund of GST (or part thereof), is paid no later than 20 Business Days after the supplier first becomes aware that the adjustment event has occurred.

6.6 Definitions

- (a) Terms used in this clause 6 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the meaning given to them in that Act.
- (b) In this clause, a reference to a payment includes any payment of money and any form of consideration other than payment of money.
- (c) In this document, all references to payments and obligations to make payments, including all references to compensation (including by way of reimbursement or indemnity), are, but for the operation of this clause, exclusive of GST.

7 Ethical Business Conduct

7.1 Warranty

- (a) Each party warrants that neither it nor any director, officer, employee, adviser, agent nor any other person acting for or on behalf of the party:
 - (i) has made or offered; or
 - (ii) proposes to make or offer; or
 - (iii) has caused or proposes to cause any third party to make or offer,

with respect to the matters which are the subject of this document, any payment, gift, promise or other advantage, whether directly or indirectly, including (without limitation) through affiliates or representatives (including representatives of the intended recipient), to or for the use of any public official, where such payment, gift, promise or advantage would violate:

- (iv) the applicable laws of the country in which the activities under this document are taking place;
 - (v) the laws of the country of incorporation of such party; or
 - (vi) the principles described in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
- (b) Each party warrants that neither it nor any person acting on its behalf:
- (i) has made or proposes to make, any payment in Australia to, by the order of, or on behalf of a person or entity sanctioned by the Reserve Bank of Australia pursuant to regulation 8(1)(a) of the *Banking (Foreign Exchange) Regulations 1959*; or
 - (ii) has breached, or proposes to breach, the *Charter of the United Nations Act 1945* (Cth) or regulations made under that Act.

7.2 Indemnity

Each party must indemnify and keep indemnified the other party from and against any and all Claims arising from or related to any breach by such first party of any warranty contained in clause 7.1. Such indemnity obligation will survive termination or expiration of this deed.

8 Miscellaneous

8.1 No Waiver

A party waives a right under this document only by written notice that it waives that right. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.

8.2 Severance

If a provision of this document would, but for this clause, be unenforceable:

- (a) the provision will be read down to the extent necessary to avoid that result; and
- (b) if the provision cannot be read down, to that extent, it will be severed without affecting the validity and enforceability of the remainder of this document.

8.3 About This Document

- (a) This document records the entire agreement between the parties as to its subject matter. It supersedes all prior contracts, obligations, representations, conduct and understandings. The agreement recorded in this document is immediately enforceable, subject to its own express terms. The parties have not relied on any promise, representation or conduct in deciding whether to enter into this document, other than as expressly set out in this document.
- (b) This document may be amended only by written agreement of all parties.
- (c) This document may be executed in any number of counterparts, and by the parties in separate counterparts, but is not effective until each party has executed at least one counterpart.
- (d) Each counterpart of this document constitutes an original of this document but the counterparts together constitute one and the same instrument.

8.4 Governing Law and Jurisdiction

- (a) The laws of South Australia govern this document.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of South Australia.

- (c) Each party irrevocably waives any objection to the venue of any legal process on the basis that the process has been brought in an inconvenient forum.
- (d) Each party irrevocably waives any immunity in respect of its obligations under this document that it may acquire from the jurisdiction of any court or any legal process for any reason including the service of notice, attachment before judgment, attachment in aid of execution or execution.

8.5 Confidentiality

- (a) A party must not use or disclose Confidential Information except:
 - (i) in the proper performance of this document;
 - (ii) a disclosure to such of the officers, employees, financiers, advisers and Related Parties of the party as have a legitimate interest in the Confidential Information to be disclosed to them;
 - (iii) as may be required by applicable law (in which case, prior to disclosure, the party must consult with the other parties about the form and content of such disclosure); or
 - (iv) as the other parties may agree in writing.
- (b) In this clause, **Confidential Information** means:
 - (i) the contents and subject matter of this document; and
 - (ii) any information coming to a party by virtue of being a party to this document;

except so far as that information is then in the public domain other than as a result of a breach by the party of this document.

8.6 Announcements

Should a party be required to make any announcement by law in connection with the transactions the subject of this document it will, subject to any applicable law, regulation or listing rules:

- (a) immediately notify the other party in writing that it is required to make a disclosure and if reasonably practicable, discuss with the other party the form and content of the disclosure;
- (b) follow any reasonable direction of the other party concerning the disclosure; and
- (c) only disclose information to the extent reasonably necessary to comply with the law or listing rules.

8.7 Costs

A party will bear its own costs in relation to the negotiation, preparation and execution of this document and any further document required. However, unless this document otherwise provides, the cost of performing an obligation will be borne by the party concerned. The Purchaser will bear any stamp duty in respect of this document (if any) and any further document required.

8.8 Further Acts

The parties must do all things reasonably required to facilitate the performance of the transactions contemplated by this document.

8.9 Assignment

A party may not assign its rights under this document and any purported assignment in contravention of this provision is void.

8.10 No Merger

The rights and obligations of the parties will not merge on completion of any transaction under this document. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

8.11 Survival of Certain Provisions

- (a) Clauses 6 (GST) and 8.5 (Confidentiality) and this clause 8.11 will survive rescission, termination or expiration of this document.
- (b) If this document is rescinded or terminated, no party will be liable to any other party except:
 - (i) under the clause referred to in clause 8.11(a); or
 - (ii) in respect of any breach of this document occurring before rescission, termination or expiration of this document.

8.12 Warranty of Authority

Each person who executes this document on behalf of a party under a power of attorney declares and warrants that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

9 Notices

9.1 How To Give Notices

A notice in connection with this document may be:

- (a) in writing in English;
- (b) signed by the party or its agent; and
- (c) given to the recipient either by hand delivery, pre-paid mail, email, facsimile transmission or in a manner permitted by legislation, in each case addressed in the manner relevantly described in Schedule 1.

9.2 Change of Details

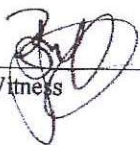
- (a) A party may at any time change any of the details set out in Schedule 1 by not less than 5 Business Days notice to each other party.
- (b) If details are so changed, this clause applies as if those changed details were set out in Schedule 1.

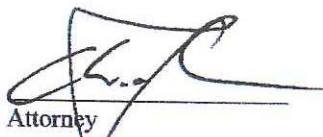
9.3 Proof of Notices

- (a) Proof of posting by pre-paid mail of a notice in accordance with this clause is proof of receipt of such notice on the second clear Business Day after posting.
- (b) Proof of transmission by facsimile of a notice in accordance with this clause is proof of receipt on the date of transmission, but if a transmission is not made on a Business Day or not made before 4.00 pm, then it is proof of receipt at 10.00 am on the next Business Day after transmission.
- (c) Unless proved to the contrary, proof of transmission by email of a notice in accordance with this clause is proof of receipt on the date of transmission, but if a transmission is not made on a Business Day or not made before 4.00 pm, then it is proof of receipt at 10.00 am on the next Business Day after transmission.

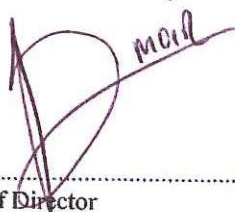
EXECUTED as an agreement

SIGNED for and on behalf of **SANTOS LIMITED**
by its duly appointed Attorney
in the presence of:


Witness


Attorney

EXECUTED by **XTRACT**
INTERNATIONAL LIMITED acting by
its director, in the presence of:


Signature of Director

PETER MOIR
Name of Director
(BLOCK LETTERS)

MELANIE COWPERWAIT (WITNESS)


Signature of Director

ALAN HUME
Name of Director
(BLOCK LETTERS)

Schedule 1 – Notices

Name: Santos Limited

Address: Ground Floor
Santos Centre
60 Flinders Street
ADELAIDE SA 5000

Attention: Simon Hasler, Commercial Manager

Email: simon.hasler@santos.com

Facsimile: +618 8116 5265

Name: Xtract International Limited

Address: Fetcham Park House, Lower Road
Fetcham, Surrey, England, KT22 9HD

Attention: Alan Hume, Chief Financial Officer

Email: alanhume@xtractenergy.co.uk

Facsimile: +441372379722