



30 November 2011

## **Caspian Holdings Plc** ("Caspian" or the "Company")

### **Caspian to Acquire La Parrilla Tungsten Project in Spain**

#### **Posting of Circular and Notice of General Meeting**

Caspian (AIM:CSH) announces that it has entered into a Sale and Purchase Agreement to acquire Iberian Resources Spain (IRS), for a consideration of USD1 million. The Company has convened a General Meeting to obtain shareholder approval to authorise the Directors to allot equity securities in order to effect the transaction. A circular has today been sent to shareholders regarding the proposed acquisition, full details of which are found at [www.caspianoil.co.uk](http://www.caspianoil.co.uk).

#### **Summary**

- IRS' La Parrilla Project comprises 100% ownership of the La Parrilla Tungsten tailings deposit and an option to acquire the La Parrilla open pit Tungsten mine
- The La Parrilla tungsten tailings deposit is estimated to contain 2.5 million tonnes of existing tailings from previous mining operations (the Tailings Project) and the objective is to put this tailings deposit into production in the next 12-18 months
- The La Parrilla open pit mine contains an estimated 36 million tonnes of Tungsten ore and the objective is to complete extension exploration drilling on the mine in the next 6 months with a view to exercise the acquisition option and develop the open pit mine
- The proposed consideration is US\$1 million which will be satisfied by the issue of 256,680,000 Ordinary Shares and in addition repayment of a loan of €85,000
- General meeting to be held on Monday 19 December 2011 at 09.00am
- Appointment of Simple Investments as broker to the Company

The acquisition is consistent with Caspian's strategy to expand into both energy and mining resources approved at the companies 2010 AGM.

#### **Iberian Resources Spain**

IRS is a privately owned Spanish company, involved in tungsten exploration and development.

The La Parrilla project site is situated in the Extremadura region of southwest Spain, in the Provinces of Caceres-Badajoz, approximately 310 km southwest of Madrid. The site is accessed directly from the highway along a 3km asphalt road and is serviced by electricity and water.

#### **La Parrilla Tailings Project**

The Tailings Project is expected to be in production within 12-18 months of completing the acquisition of IRS. The Tailings Project requires an estimated capital investment of approximately €1.5m, and it will have a pay-back period of 10 months after first production. It is expected to be cash generating within its first 12 months.

In 2010 a detailed survey of the coarse tailings dumps showed a total volume of 1.2 million cubic metres equivalent to 2.5 million tons. Pilot plan testing is currently being undertaken from which the final results will enable Caspian to define and optimise the industrial process for the treatment of the tailings and confirm the final industrial plant design and layout.

## **La Parrilla Mining Project**

IRS secured an option to acquire 100% of the Mining Project in July 2009 and renegotiated the terms in July 2010. Once Caspian has completed the acquisition of IRS, it can exercise the option by completing a series of staged option payments amounting to €2.95 million, payable in tranches over three years.

SRK completed a Mineral Resource Statement in November 2008, which gave the project an inferred resource estimate of 36 million tons.

The price of tungsten has increased rapidly over the last 3 years by more than double. The La Parrilla tailings deposit and tungsten mine development offer a low cost, high margin resource development opportunity for Caspian.

### **Related Party**

Michael Masterman controls 100% of Australia Iron Ore Plc, the vendor of IRS, and as such the acquisition of IRS by the Company constitutes a related party transaction under the AIM Rules. The Independent Directors consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Following the completion of the acquisition of IRS, Michael Masterman, will be interested in 443,374,010 Ordinary Shares in the Company representing an interest of 60.92% in the total voting rights of the Company.

### **City Code**

The Company is not subject to the City Code and consequently, Michael Masterman, a Director of the Company, may acquire over a 30% interest in securities in the Company without being required to make a mandatory offer to Shareholders, as is normally required under the City Code.

### **General Meeting**

The General Meeting will be held on Monday 19 December 2011 at 9.00 a.m. at 18b Charles Street, Mayfair, London.

### **Broker Appointment**

The Board is also pleased to announce the appointment of Simple Investments as broker to the Company with immediate effect.

### **Enquiries:**

#### **Caspian Holdings Plc**

Michael Masterman  
T: +44 (0) 7791 288381  
[www.caspianoil.co.uk](http://www.caspianoil.co.uk)

#### **Grant Thornton Corporate Finance**

Gerry Beaney/Melanie Freat/Jen Hatter  
T: +44 (0) 20 7383 5100  
[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

#### **Simple Investments**

Andy Thacker / Nick Emerson  
T: +44 (0) 1483 413500  
[www.simple-investments.co.uk](http://www.simple-investments.co.uk)

#### **Gable Communications**

Justine James  
T: +44 (20) 7193 7463  
M: +44 (0) 7525 324431