

FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102

1. Name and Address of Company

Caspian Energy Inc. (the “**Corporation**” or “**Caspian**”)
396 – 11th Avenue S.W., Suite 410
Calgary, AB T2R 0C5

2. Date of Material Change

February 19, 2014 and February 20, 2014.

3. News Release

On February 19, 2014 and February 21, 2014, news releases in respect of certain material changes described below were disseminated through the facilities of Marketwired and subsequently filed on the SEDAR profile of the Corporation.

4. Summary of Material Change

On February 19, 2014, Caspian announced the results of its special meeting of shareholders (the “**Special Meeting**”) held on the same date, at which the following resolutions were approved (i) a special resolution (the “**Consolidation Resolution**”) to consolidate the issued and outstanding Common Shares on the basis of one new common share of Caspian (a “**Post-Consolidation Share**”) for every ten pre-Consolidation Common Shares (the “**Consolidation**”) and (ii) a resolution (the “**Conversion Resolution**”) to amend its amended and restated secured convertible debentures each dated July 8, 2011 (the “**Debentures**”), which, among other things, amended the Conversion Price (as defined in the Debentures) to the price such that, if all outstanding Debentures were converted, the Common Shares issued upon the Conversion would represent approximately 82.5% of the issued and outstanding Common Shares (the “**Conversion**”).

On February 20, 2014, the Conversion was completed, and (i) an aggregate of 108,319,091 post-Consolidation Common Shares were issued to the holders of the Debentures (the “**Holders**”), namely Meridian Capital International Fund, Firebird Avrova Fund, Ltd. and Firebird Global Master Fund Holdings, Ltd., (ii) Maurizio Barnaba and William Ramsay resigned from Caspian’s board of directors (the “**Board**”) and the Board appointed Baltabek Kuandykov, Nodir Normatov, Paul Marchand and Ivan S. Andreev as replacement directors and (iii) the Holders entered into the Voting Agreement (as defined below).

5. Full Description of Material Change

On February 19, 2014, Caspian announced the results of its Special Meeting held on the same date. A total of 93,433,681 Common Shares of the 229,767,771 Common Shares outstanding were voted in favour of the Consolidation Resolution and a total of 780,036 Common Shares were voted against the Consolidation Resolution. Approximately 99.2% of the votes were cast in favour of the Consolidation Resolution.

Shareholders also voted approximately 99.4% in favour of the Conversion Resolution. A total of 62,615,142 of the 62,965,492 eligible Common Shares were voted in favour of the Conversion Resolution and a total of 350,350 of the eligible Common Shares were voted against the

Consolidation Resolution. 28,676,843 votes were excluded from voting on the Conversion Resolution pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

The Conversion Resolution approved a debenture amending agreement dated January 15, 2014 that, among other things, provided for the Conversion. On February 20, 2014, the Conversion was completed and an aggregate of 108,319,091 Post-Consolidation Shares were issued to the Holders. The Common Shares issued upon the Conversion represented approximately 82.5% of the issued and outstanding Common Shares. Immediately following the Conversion, Caspian shareholders holding Common Shares immediately prior to the Conversion (which includes the Holders and certain of their affiliates) held the remaining approximately 17.5% of the Common Shares. Following the Conversion, no debt owed to the Holders remains outstanding.

On the date of the Conversion, Maurizio Barnaba and William Ramsay resigned the Board and the Board appointed Baltabek Kuandykov, Nodir Normatov, Paul Marchand and Ivan S. Andreev as replacement directors. The Chair of the new Board is Michael Nobbs.

On the same date, a voting agreement (the “**Voting Agreement**”) was entered into pursuant to which the Holders agreed (i) to vote their Common Shares at the annual meeting of Caspian shareholders to be held in 2014 in favour of, at the election of the Holders, one of Brian Korney, Michael Nobbs or Gordon Harris and to not take any action to remove such individual from the Board prior to the first anniversary of the date of the Conversion; and (ii) for as long as Firebird Global Master Fund, Ltd. and Firebird Avrora Fund, Ltd. (together with any other investment fund under common management) collectively hold 10% or more of the outstanding Common Shares, to vote their Common Shares at any meeting of Caspian shareholders held for the purpose of electing directors in favour of one representative identified by Firebird Global or Firebird Avrora (or any other investment fund under common management).

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer

Brian Korney, Chief Financial Officer, (403) 513-3375

9. Date of Report

February 28, 2014