



24 December 2009

The Manager
Company Announcements Office
ASX Ltd
4th Floor, 20 Bridge Street
SYDNEY, NSW 2000

Dear Sir

ACTIVITY STATEMENT

Santos International Operations Pty Ltd has requested an additional two months until 28 February 2010 to enable interpretation of recent seismic data acquisition, integration of this data and to conduct final permit assessments before deciding whether to enter Phase III of the farmin agreement with Caspian. The Company believes this will be the last request for extension from Santos and based on the technical arguments relating to difficult seismic processing, Caspian has consented to this request.

Testing of Caspian's Mailisu III #6 well has been delayed by the loss of a swapping tool in the hole. A replacement tool is expected to be delivered within 1-2 weeks, at which time the perforation and flow testing programme will recommence.

Yours faithfully

A handwritten signature in black ink, appearing to read "Graeme Parsons", is written over a light grey rectangular background.

GRAEME PARSONS
Chief Executive Officer

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