



12 October 2009

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

Dear Sir,

**EAST MAILISU WELL #1 / SANTOS FARM-IN**

The Company's oil drilling rig is on location at the East Mailisu #1 wellsite after completing its two well contract drilling program for JSC South Petroleum Company and the well was spudded on Saturday 10 October.

Details of the planned well, targeting oil in two limestone reservoirs from approximately 650m and gas in stacked sands to 1,800m, were announced on 30 September. Santos International Operations Pty Ltd ("Santos") has elected not to participate in the well and has consented to Caspian proceeding on a sole risk basis. Santos may elect to 'back-in' to a discovery subject to the payment of a penalty.

Santos is continuing the processing and interpretation of the recently completed seismic program covering targets on six licence areas covered by its farm-in arrangement. Caspian has agreed to extend until 31 December 2009 the period in which Santos can elect to commit to the final phase of its US\$24 million farm-in for an 80% joint venture interest to enable this processing to be completed.

Yours faithfully

Graeme Parsons  
Executive Director and Chief Operating Officer