

30 July 2010

JUNE 2010 QUARTERLY SECURITIES EXCHANGE REPORT

Summary

- 26km of 2D seismic recorded over West Mailisu project
- Parta Block (Pannonian Basin, Romania) awarded to joint venture (JV) including Caspian (20%), Audax (60%, operator) and Sibinga Petroleum (20%)
- Farm-out activity continues with a number of companies reviewing data on Caspian's Kyrgyz Republic acreage

September Quarter Plans

- Finalise seismic interpretation over West Mailisu Jurassic structure
- Decide, based on the results of the seismic, whether to drill a well in West Mailisu
- Completion of Mailisu III Well #6 and commence production
- Ongoing work on farm-out of Kyrgyz Republic licences
- Rationalising acreage position after completion of prospectivity review

Kyrgyz Republic Oil Projects

Background

Caspian Oil & Gas, through its subsidiaries, holds interests in eight oil exploration licences in the Fergana Basin in the Kyrgyz Republic (Fig 1).

Caspian operates its own 650hp drilling rig for its Kyrgyz operations.



Figure 1 – Location Map

Kyrgyz Republic Political Update

After the recent unrest in the Kyrgyz Republic, the political situation has continued to stabilise.

The interim government, headed by Ms Roza Otunbaeva, has issued a decree guaranteeing the protection of international investments and, most encouragingly, has indicated increasing support for the resources industry.

Farm-out Activity

A number of interested parties were reviewing Caspian's farm-out package prior to the civil unrest. With the political situation now stable the Company will continue to actively pursue partners.

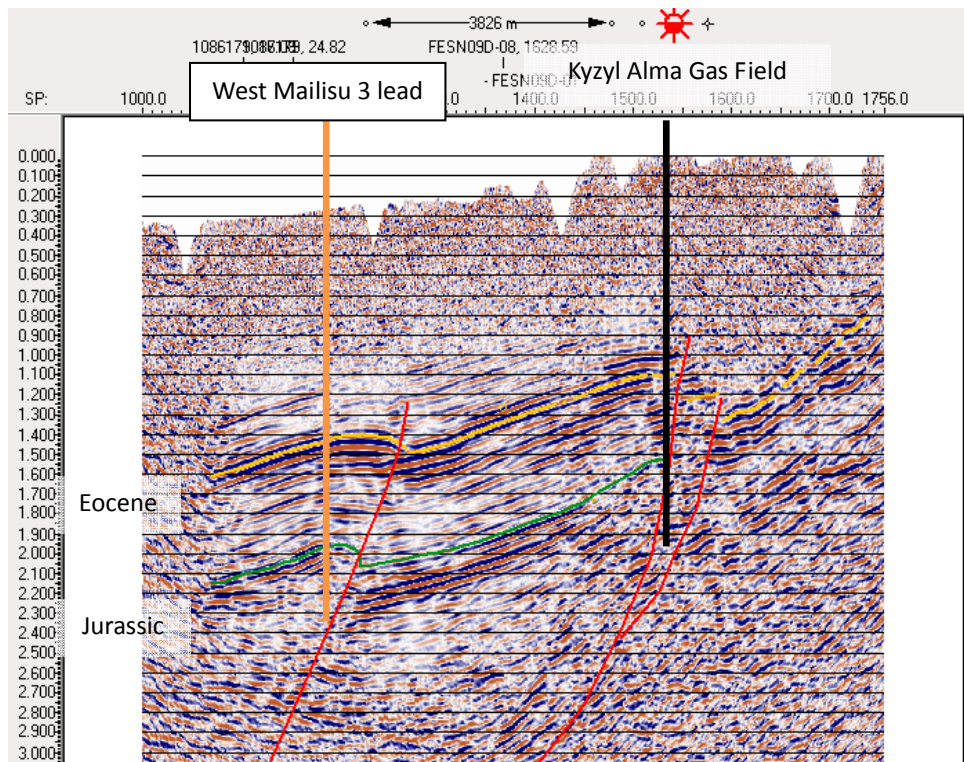
Quarterly Activity

Kyrgyz Republic

The recording of the West Mailisu 2D seismic programme commenced on May 11 and was completed on May 24. A total of 26.2km of seismic was recorded. The processing of the data is in the final stages and it is expected that the interpretation will be completed by late August.

In the meantime, planning has progressed to a stage where drilling a well could commence within 10 weeks of a decision should a viable prospect be confirmed from the seismic. From a review of the initial processed 2010 seismic, the best opportunity remains the West Mailisu 3 lead but, at this stage, the extent of the closure is yet to be determined.

The West Mailisu 3 lead (see figure below) lies about 4.5km south of the Kyzyl Alma Gas field which produced approximately 12bcf at a rate of over 12mmscfd from early Jurassic sands. Oil was also produced from the basal Jurassic with an initial rate of around 350bopd.



Seismic Line through the West Mailisu 3 lead

Kyrgyz Production Activity

Work was undertaken on the COG Mailisu III #2 well to bring it into production with non-commercial flows being recorded. The equipment required for COG Mailisu III #6 has arrived in the country and is awaiting installation.

A total of 132 tonnes of oil was produced for the three-month period ending June 30. This takes the total production for the year to 263 tonnes.

Other Petroleum Activities

Caspian continues to assess new opportunities in Central Asia and Romania.

Romania

On July 1 a bidding group comprising Audax Resources (Audax), Caspian Oil and Gas and Sibinga Petroleum was awarded the exploration block EX-10 PARTA in the southern Pannonian Basin, western Romania.

Caspian Oil & Gas will hold a 20% interest in the block with Audax managing the operations. The EX-PARTA block covers an area of 1,221sq kms. Located within the block are 7 (excised) producing oil and gas fields. Following a detailed seismic review the group considers the block to be underexplored with many attractive undrilled seismically-identified targets.

Audax on behalf of the group will soon enter into negotiations with the National Agency for Minerals and Resources ("NAMR") to discuss and finalize the terms of the royalty based exploration agreement.

Kazakhstan

Caspian is continuing to evaluate several opportunities in Kazakhstan which will allow Caspian's regional expertise and operating capacity in Central Asia to be fully utilized. Caspian has a 50% holding and operatorship in an AMI group with Sibinga Petroleum.

Mineral Projects

Caspian retains mineral assets where exploration is funded by other companies. These are:

- shares in gold explorer Perseus Mining Limited, valued at approximately \$3.7million;
- 0.5% royalties on Perseus Mining's Tengrela Gold Project in Ivory Coast and Grumesa Gold Project in Ghana;
- the Mansounia gold joint venture with Burey Gold Limited in Guinea; and
- two diamond joint ventures, one in the Democratic Republic of Congo ("DRC"), the other in Ghana.

Burey Gold Ltd (ASX: BYR) has reported an initial million ounce inferred gold resource estimate for the Mansounia project in Guinea and is planning a follow-up drilling program targeting higher grade material when a rig is available.

BRC DiamondCore Ltd has undertaken a ground magnetic survey over prospective areas on Caspian's Tshikapa diamond leases in the DRC and is awaiting interpreted results.



GRAEME PARSONS
Chief Executive Officer

The information in this report that relates to oil and gas exploration results and hydrocarbon reserves is based on information compiled by Mr Graeme Parsons, who is a petroleum geoscientist. Mr Parsons is a Director and full-time employee of the Company. Mr Parsons has more than thirty years experience in this discipline and he consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

CASPIAN OIL & GAS LIMITED

ABN

44 065 212 679

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from contract drilling and product sales	21	5,657
1.2 Payments for		
(a) exploration and evaluation	(454)	(2,119)
(b) development	-	-
(c) production	(3)	(3)
(d) administration	(546)	(2,147)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(1)
1.7 Other – purchase of inventory (drilling consumables) / contractor expenses	-	(2,963)
Net Operating Cash Flows	(972)	(1,518)
Cash flows related to investing activities		
1.8 Payment for purchase or renewal of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(9)	(60)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	321	808
(c) other fixed assets	26	29
1.10 Loans to other entities	-	(4,096)
1.11 Loans repaid by other entities	80	3,552
1.12 Other –	-	-
Net investing cash flows	418	233
1.13 Total operating and investing cash flows (carried forward)	(554)	(1,285)

1.13	Total operating and investing cash flows (brought forward)	(554)	(1,285)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,296
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue expenses	-	(203)
	Net financing cash flows	-	3,093
	Net increase (decrease) in cash held	(554)	1,808
1.20	Cash at beginning of quarter/year to date	3,614	1,510
1.21	Exchange rate adjustments to item 1.20	155	(103)
1.22	Cash at end of quarter	3,215	3,215

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	165
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	A\$'000
Consultancy fees and Directors' remuneration	121
Accounting and secretarial services	44

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
4.3 Production	10
4.4 Administration	400
Total	560

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	618	596
5.2 Deposits at call	2,597	3,018
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,215	3,614

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	N/A			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	1,331,500,513	1,331,500,513		
7.4 Changes during quarter				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	850,000	-	<i>10 cents</i>	<i>31/12/2010</i>
	1,300,000	-	<i>10 cents</i>	<i>31/12/2011</i>
	2,000,000	-	<i>10 cents</i>	<i>31/05/2011</i>
	2,000,000	-	<i>12 cents</i>	<i>31/05/2011</i>
	8,100,000	-	<i>3 cents</i>	<i>31/12/2010</i>
	6,100,000	-	<i>3 cents</i>	<i>31/10/2013</i>
7.8 Issued during quarter	6,100,000	-	<i>3 cents</i>	<i>31/10/2013</i>
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled/Expired during quarter	(6,950,000) (2,000,000) (400,000)	- - -	<i>8 cents</i> <i>9 cents</i> <i>3 cents</i>	<i>30/06/2010</i> <i>30/06/2010</i> <i>31/12/2010</i>
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
Director
Print name: COLIN JOHN CARSON

Date: 30 July 2010