

30 April 2010

## MARCH 2010 QUARTERLY SECURITIES EXCHANGE REPORT

### Summary

- 25 prospects and leads identified following review of seismic. Prospective Resources of 242 mmbbl mapped.
- Santos notified Caspian on withdrawing from its farm-in arrangement on February 26, 2010.
- A farmout brochure has been prepared and promotion of the opportunities has commenced.
- Several approaches have been received – those companies are currently reviewing data.
- AMI study in Romania continues with submission of bids due in mid May.

### June Quarter Plans

- Seismic over West Mailisu Jurassic structure, commencing early May.
- Completion of Mailisu III Well #6 and bring into production.
- Completion of Mailisu III #2 Well as an oil producer.
- Ongoing work on farmout of Kyrgyz licences.
- Finalisation of bids for Romanian tender round, closing May 2010.

## Kyrgyz Republic Oil Projects

### Background

Caspian through its subsidiaries JSC Textonic and South Derrick LLC holds interests in eight licences covering around 7,800sq km of prospective ground in the Fergana Basin in the Kyrgyz Republic (Fig 1).

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



Figure 1 – Location Map

## Farm-in Activity

On February 26, 2010, Caspian was informed that Santos had elected not to move to Phase 3 of their farm-in arrangement. Upon Santos's withdrawal Caspian's wholly owned subsidiary, JSC Textonic, retains 100% equity in the licences. Santos spent over US\$16m and recorded around 430km of 2D seismic across six of our licences, revealing numerous attractive oil and gas targets which Caspian is actively promoting to potential new farminees. The level of interest has been encouraging, given recent political instability in the country. The interim government has assisted by indicating strong support for foreign investors and the resources industry in particular.

## Quarterly Activity

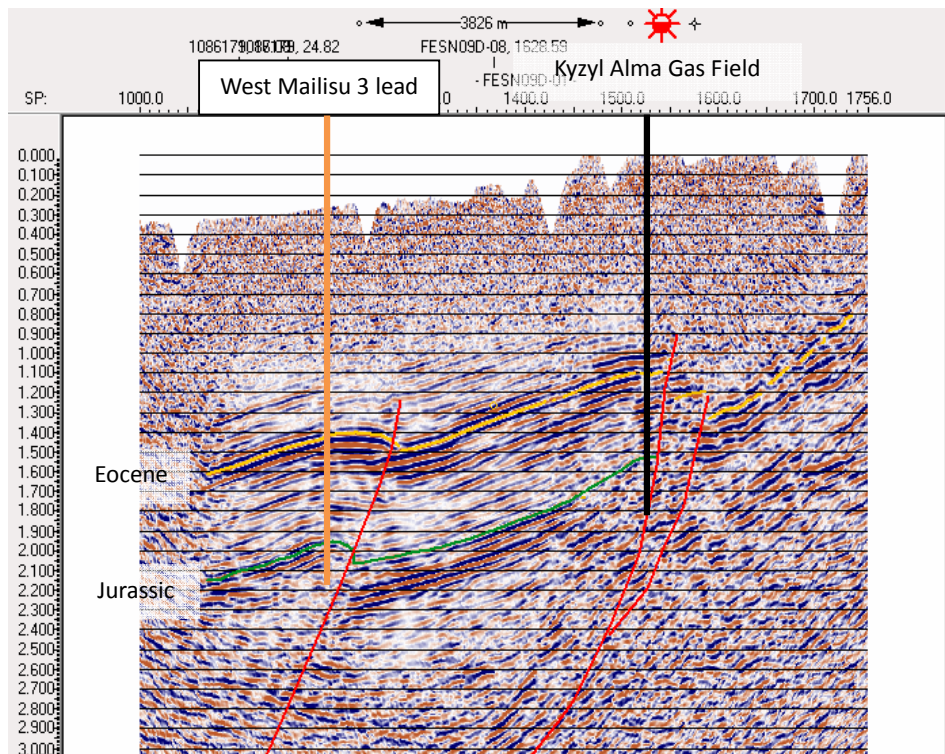
During the winter season, on-the-ground activity is often curtailed and much of the period has been spent on interpretation of seismic and compilation of a prospect and leads inventory.

A total of 25 prospects and leads have been identified with opportunities in all blocks, with Prospective Resources totalling 242 mmbbl. The opportunities range up to 55 mmbbl mean reserves (unrisked) and average of around 10 mmbbl across the portfolio. In addition, the Company has identified several attractive gas prospects.

The Company is now looking to farm out interests in the blocks. Several companies have signed confidentiality agreements and received proprietary data to evaluate the opportunity.

An example of the opportunities is the West Mailisu 3 lead which has the potential for up to 25bcf gas as well as 10 mmbbls of oil with targets at depths of 1,500-3,300m.

The West Mailisu 3 lead lies about 4.5km south of the Kyzyl Alma Gas field which produced some 12bcf from early Jurassic sands as well as oil from the basal Jurassic. The West Mailisu 3 structure, only revealed by the 2009 seismic programme, looks very similar to Kyzyl Alma (see figure below). The oil from the Kyzyl Alma 3 well flowed at an initial rate of around 350bopd. Additional seismic will be recorded in May-June to high grade the feature with the aim to drilling in the 4th quarter 2010.



Seismic Line through the West Mailisu 3 lead

## Other Petroleum Activities

Caspian continues pursuing further acreage in Central Asia and also in Romania.

### Romania

After entering the European Union (EU) in 2007 the Romanian Government released production and exploration licences for bid throughout 2007 and 2008. In Q2 2009 the largest petroleum licence relinquishment in Romania's history took place (approximately 40,000sq km relinquished by Petrom & Romgaz). These blocks will become available through future bidding rounds. Bids for the first tranche (30 blocks in Pannonian, Danube Delta & Black Sea) are due in May 2010.

AuDAX (ADX), an ASX listed company, is operator of the AMI and throughout 2008 and 2009 has undertaken studies to identify the regions and key productive reservoirs with the greatest future hydrocarbon potential. Significant remaining undiscovered hydrocarbon potential has been identified in all four major hydrocarbon basins with the AMI group able to leverage off publicly available data and local in-country experience and networks. During the report period work has progressed to the stage of bid submission. Caspian has a 20% holding in the AMI group.

### Kazakhstan

Following discussions which identified a shared interest in Central Asia, Caspian (operator) has formed an AMI (50/50) with Sibinga Petroleum. Sibinga Petroleum is a private organisation actively pursuing producing asset opportunities in Central Asia and Eastern Europe.

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 the AMI group.

## 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 \$3.4 million;
- 0.5% royalties on the Tengrela gold project in Ivory Coast and the 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. Contracting a rig remains problematic for Burey at the moment.

In April 2010 BRC DiamondCore Ltd commenced an EM survey on Caspian's Tshikapa diamond leases in the DRC with the view to generating drill targets.



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")

31 March 2010

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from contract drilling and product sales	16	5,636
1.2 Payments for		
(a) exploration and evaluation	(628)	(1,665)
(b) development	-	-
(c) production	-	-
(d) administration	(498)	(1,601)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	31	48
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)
<b>Net Operating Cash Flows</b>	<b>(1,079)</b>	<b>(546)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchase or renewal of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(7)	(51)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	438	487
(c) other fixed assets	-	3
1.10 Loans to other entities	(157)	(4,096)
1.11 Loans repaid by other entities	96	3,472
1.12 Other –	-	-
<b>Net investing cash flows</b>	<b>370</b>	<b>(185)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(709)</b>	<b>(731)</b>

1.13	Total operating and investing cash flows (brought forward)	(709)	(731)
	<b>Cash flows related to financing activities</b>		
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 – GST refunded	12	(203)
	<b>Net financing cash flows</b>	12	3,093
	<b>Net increase (decrease) in cash held</b>	(697)	2,362
1.20	Cash at beginning of quarter/year to date	4,359	1,510
1.21	Exchange rate adjustments to item 1.20	(48)	(258)
1.22	<b>Cash at end of quarter</b>	3,614	3,614

**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	128
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	116
Accounting and secretarial services	12

**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.
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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.
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**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	300
4.2 Development	-
<b>Total</b>	<b>300</b>

**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	2,711	1,523
5.2 Deposits at call	903	2,836
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,614</b>	<b>4,359</b>

**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 <b>Preference securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 <b>+Ordinary securities</b>	1,331,500,513	1,331,500,513		
7.4 Changes during quarter				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	6,950,000	-	<i>8 cents</i>	<i>30/06/2010</i>
	2,000,000	-	<i>9 cents</i>	<i>30/06/2010</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>
	8,500,000	-	<i>3 cents</i>	<i>31/12/2010</i>
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled/Expired during quarter	(21,500,038) (2,100,000)	- -	<i>10 cents</i> <i>8 cents</i>	<i>31/03/2010</i> <i>31/03,2010</i>
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <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 April 2010