

CASPIAN OIL & GAS LIMITED

ABN 44 065 212 679

**HALF YEARLY REPORT FOR THE SIX MONTHS ENDED
31 DECEMBER 2010**

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

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CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity comprising Caspian Oil & Gas Limited (the "Company") and its controlled entities ("Caspian" or the "Caspian Group") for the half year ended 31 December 2010. In order to comply with the Corporations Act 2001, the directors report as follows:

Directors

The directors of the Company who held office during or since the end of the half-year and until the date of this report are listed below. All directors were in office for this entire period unless otherwise stated.

Colin John Carson
Graeme Leslie Parsons
Jürg Walker
Michael Sandy
Reginald Norman Gillard Resigned 31 August 2010

Results

The consolidated loss for the half year after tax was \$1,618,700 (2009: \$869,562).

Review of Operations

Background

Caspian Oil & Gas Ltd through its subsidiary companies CJSC Textonic and South Derrick LLC holds eight licences in the Fergana Basin, giving it a significant exploration position within the Kyrgyz Republic.

Caspian operates its own 650hp ZJ20 drilling rig which is capable of drilling to a depth of 2,500m in its Kyrgyz operations.

Kyrgyz Operations

Caspian undertook 28kms of seismic over the West Mailisu licence area to firm up the previously identified drilling target. The results have confirmed a structure capable of holding 9.7 million barrels of oil and 5-10 bcf of gas, which it is planned to drill using Caspian's rig in May / June 2011.

To date, Caspian's licences with the exception of Charvak, have been extended for two years. It is expected that the Charvak licence extension will be confirmed during the June 2011 quarter.

Approximately 3,935 barrels of oil were produced from Caspian's operations in the half year.

Corporate

The Company has realised \$1,019,490 from the sale of listed securities during the period.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the next page and forms part of this directors' report for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of the Corporations Act 2001.



C J Carson
Chairman
Perth

Dated this 16th day of March 2011

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Caspian Oil & Gas Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
16 March 2011

M R W OHM
Partner, HLB Mann Judd

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2010

	Note	Consolidated	
		6 Months Ended 31 December 2010 \$	6 Months Ended 31 December 2009 \$
REVENUES			
Revenue from ordinary activities	2	153,317	4,526,476
Cost of sales and services	2	(27,356)	(3,595,251)
GROSS PROFIT		125,961	931,225
Other income	2	336,779	85,017
		462,740	1,016,242
EXPENSES			
Employee, directors and consultants costs		(755,416)	(765,096)
Share based compensation expense		(1,580)	(133,590)
Depreciation expense		(69,422)	(79,084)
Foreign exchange losses		(293,431)	(55,574)
Kyrgyz administration costs		(229,448)	(325,131)
Writedown of exploration expenditure		(618,881)	(303,439)
Travel expenses		(28,880)	(121,429)
Other expenses		(84,382)	(102,461)
Total Expenses		(2,081,440)	(1,885,804)
Loss before income tax benefit		(1,618,700)	(869,562)
Income tax benefit relating to ordinary activities		-	-
Loss after tax benefit		(1,618,700)	(869,562)
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,178,208)	(2,486,861)
Net change in fair value of available-for-sale financial assets		1,992,614	2,196,803
Transfer of gains on disposal of available-for-sale financial assets		(299,648)	(58,931)
Total other comprehensive income / (loss)		514,758	(348,989)
Total comprehensive loss for the period		(1,103,942)	(1,218,551)
Loss attributable to:			
Owners of the Parent		(1,601,861)	(869,562)
Non-controlling Interests		(16,839)	-
		(1,618,700)	(869,562)
Comprehensive loss attributable to:			
Owners of the Parent		(1,143,548)	(1,218,551)
Non-controlling Interests		39,606	-
		(1,103,942)	(1,218,551)
Basic loss per share	4	(0.12) cents	(0.07) cents

The accompanying notes form part of these financial statements.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Note	Consolidated	
		31 December 2010 \$	30 June 2010 \$
Current Assets			
Cash and cash equivalents		2,706,906	3,216,256
Receivables		96,224	133,831
Inventories		2,281,354	2,762,653
Other		162,041	239,817
Total Current Assets		5,246,525	6,352,557
Non-Current Assets			
Receivables		215,659	270,610
Available-for-sale financial assets		4,976,907	4,003,783
Property, plant and equipment		2,034,402	3,049,561
Mineral interest acquisition, exploration and development expenditure	3	1,369,356	1,194,480
Other		57,404	211,158
Total Non-Current Assets		8,653,728	8,729,592
Total Assets		13,900,253	15,082,149
Current Liabilities			
Payables		352,866	432,400
Total Current Liabilities		352,866	432,400
Total Liabilities		352,866	432,400
Net Assets		13,547,387	14,649,749
Equity			
Issued capital	5	99,362,502	99,362,502
Reserves	6	3,394,740	2,934,847
Accumulated losses		(89,132,408)	(87,530,547)
Parent Entity Interest		13,624,834	14,766,802
Non-controlling interests		(77,447)	(117,053)
Total Equity		13,547,387	14,649,749

The accompanying notes form part of these financial statements.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2010

Consolidated	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Non-controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2009	96,268,599	(73,028,925)	4,833,588	(2,425,363)	-	25,647,899
Loss attributable to members of the parent entity	-	(869,562)	-	-	-	(869,562)
Currency translation differences	-	-	-	(2,486,861)	-	(2,486,861)
Revaluation of available-for-sale financial assets	-	-	2,196,803	-	-	2,196,803
Transfer of gains on disposal of available-for-sale financial assets	-	-	(58,931)	-	-	(58,931)
Total comprehensive income for the period	-	(869,562)	2,137,872	(2,486,861)	-	(1,218,551)
Shares issued during the period	3,296,414	-	-	-	-	3,296,414
Share issue expenses	(202,511)	-	-	-	-	(202,511)
Fair value of options issued	-	-	133,590	-	-	133,590
Balance at 31 December 2009	99,362,502	(73,898,487)	7,105,050	(4,912,224)	-	27,656,841

The accompanying notes form part of these financial statements.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2010

Consolidated	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Non-controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	99,362,502	(87,530,547)	7,994,240	(5,059,393)	(117,053)	14,649,749
Loss attributable to members of the parent entity	-	(1,601,861)	-	-	(16,839)	(1,618,700)
Currency translation differences	-	-	-	(1,234,653)	56,445	(1,178,208)
Revaluation of available-for-sale financial assets	-	-	1,992,614	-	-	1,992,614
Transfer of gains on disposal of available-for-sale financial assets	-	-	(299,648)	-	-	(299,648)
Total comprehensive income for the period	-	(1,601,861)	1,692,966	(1,234,653)	39,606	(1,103,942)
Fair value of options issued	-	-	1,580	-	-	1,580
Balance at 31 December 2010	99,362,502	(89,132,408)	9,688,786	(6,294,046)	(77,447)	13,547,387

The accompanying notes form part of these financial statements.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2010

	Consolidated	
	6 Months Ended 31 December 2010	6 Months Ended 31 December 2009
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	143,105	5,462,827
Cash payments in the course of operations	(650,680)	(4,552,347)
Interest received	31,360	16,820
Net cash (used in) / provided by operating activities	(476,215)	927,300
Cash flows from investing activities		
Payments for exploration and development expenditure	(874,367)	(1,159,940)
Payments for plant and equipment	(14,957)	(46,802)
Proceeds from sale of plant and equipment	28,738	4,342
Proceeds from sale of investments	1,019,490	49,248
Loans to other entities	46,441	-
Net cash provided by / (used in) investing activities	205,345	(1,153,152)
Cash flows from financing activities		
Proceeds from share issues	-	3,296,414
Share issue expenses	-	(202,511)
Net cash provided by financing activities	-	3,093,903
Net (decrease) / increase in cash held	(270,870)	2,868,051
Cash at the beginning of the reporting period	3,216,256	1,510,196
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	(238,480)	(18,720)
Cash at the end of the reporting period	2,706,906	4,359,527

The accompanying notes form part of these financial statements.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Caspian Oil & Gas Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX listing rules.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2010 annual financial report for the financial year ended 30 June 2010.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2010.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2010. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

2. LOSS BEFORE INCOME TAX BENEFIT

	Consolidated 31 December 2010 \$	Consolidated 31 December 2009 \$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue from oil production	137,808	73,606
Costs from oil production	(27,356)	(27,831)
	<u>110,452</u>	<u>45,775</u>
Rendering of services revenue	15,509	4,097,348
Costs of services rendered	-	(3,264,482)
	<u>15,509</u>	<u>832,866</u>
Sales of consumables	-	355,522
Costs of consumables	-	(302,938)
	<u>-</u>	<u>52,584</u>
	<u>125,961</u>	<u>931,225</u>
Interest - other parties	29,982	25,947
Net gain on disposal of property, plant and equipment	7,149	139
Net gain on disposal of available-for-sale investments	299,648	58,931
	<u>336,779</u>	<u>85,017</u>
Share based payments to consultants and employees	(1,580)	(133,590)
Write-off of capitalised exploration expenditure	(618,881)	(303,439)

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

3. MINERAL INTEREST ACQUISITION, EXPLORATION AND DEVELOPMENT EXPENDITURE

	Consolidated Half-year ended 31 December 2010 \$	Consolidated Year ended 30 June 2010 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of the period	1,194,480	11,536,374
Expenditure incurred	877,393	2,450,249
Expenditure written off	(618,881)	(11,912,259)
Translation difference movement	(83,636)	(879,884)
Balance at close of the period	1,369,356	1,194,480

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

4. LOSS PER SHARE

	Consolidated	
	31 December 2010 cents	31 December 2009 cents
Basic loss per share	(0.12)	(0.07)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	1,331,500,513	1,200,031,615

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would not result in a dilution to earnings per share.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

5. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 Dec 2010		30 Jun 2010	
	Number	\$A	Number	\$A
Ordinary shares, fully paid	1,331,500,513	99,362,502	1,331,500,513	99,362,502
<i>Movements in Ordinary Shares:</i>				
Balance at the beginning of the period	1,331,500,513	99,362,502	1,111,739,580	96,268,599
Share placements at issue price of \$0.015 on 8 October 2009	-	-	158,260,933	2,373,914
Share purchase plan at issue price of \$0.015 on 13 November 2009	-	-	61,500,000	922,500
Transaction costs arising from issue of securities for cash	-	-	-	(202,511)
Balance at the end of the period	1,331,500,513	99,362,502	1,331,500,513	99,362,502

(b) Share Options

Options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance	Options Issued	Options Cancelled/ Expired	Closing Balance
			1 July 2010			31 Dec 2010
			Number	Number	Number	Number
On or before 31 Dec 2010		\$0.10	850,000	-	(850,000)	-
On or before 31 Dec 2011		\$0.10	1,300,000	-	-	1,300,000
On or before 31 May 2011		\$0.10	2,000,000	-	-	2,000,000
On or before 31 May 2011		\$0.12	2,000,000	-	-	2,000,000
On or before 31 Dec 2010		\$0.03	8,100,000	-	(8,100,000)	-
On or before 31 Oct 2013		\$0.03	6,100,000	400,000	-	6,500,000
			20,350,000	400,000	(8,950,000)	11,800,000

- (i) 8,950,000 unlisted options expired unexercised during the current period.
- (ii) 400,000 unlisted options were granted to an employee as part of his remuneration package.

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

6. RESERVES

	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
Option Premium reserve	589,000	589,000
Equity based compensation reserve (a)	2,509,475	2,507,895
Financial assets reserve (b)	6,590,311	4,897,345
Foreign currency translation reserve (c)	(6,294,046)	(5,059,393)
Total	3,394,740	2,934,847
	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
<i>Movements during the period:</i>		
<i>(a) Equity based compensation reserve</i>		
Balance at beginning of period	2,507,895	2,346,855
Fair value of options issued	1,580	161,040
Balance at end of period	2,509,475	2,507,895
	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
<i>(b) Financial assets reserve</i>		
Balance at beginning of period	4,897,345	1,897,733
Revaluation of available-for-sale financial assets and transfers upon sale	1,992,614	3,213,801
Transfer of gains on disposal of available-for-sale financial assets	(299,648)	(214,189)
Balance at end of period	6,590,311	4,897,345
	Consolidated 31 December 2010 \$	Consolidated 30 June 2010 \$
<i>(c) Foreign currency translation reserve</i>		
Balance at beginning of period	(5,059,393)	(2,425,363)
Currency translation differences	(1,234,653)	(2,634,030)
Balance at end of period	(6,294,046)	(5,059,393)

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

7. SEGMENT REPORTING

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that, during the half-year, Caspian operated in the oil exploration and contract drilling industry, mineral exploration industry and investing activities within the geographical segments, Australia, Ghana and the Kyrgyz Republic.

	Oil Exploration and Contract Drilling \$	Other Mineral Exploration \$	Investing \$	Inter- segment \$	Total \$
Business segments (Primary Segment)					
31 December 2010					
Revenue					
Revenue from external customers	153,317	-	-	-	153,317
Other external revenue	7,149	-	329,630	-	336,779
Total segment revenue	<u>160,466</u>	<u>-</u>	<u>329,630</u>	<u>-</u>	<u>490,096</u>
Results					
Operating profit / (loss) before income tax	(1,083,692)	(296)	(534,712)	-	(1,618,700)
Income tax expense					-
Net loss					<u>(1,618,700)</u>
Assets					
Segment assets	6,213,919	17,402	7,668,932	-	<u>13,900,253</u>
Non-current assets acquired	892,350	-	-	-	<u>892,350</u>
Liabilities					
Segment liabilities	92,183	67,385	193,298	-	<u>352,866</u>
Other segment information					
Depreciation	66,864	-	2,558	-	69,422
Non-cash expenses other than depreciation	658,222	236	297,389	-	955,847
31 December 2009					
Revenue					
Revenue from external customers	4,526,476	-	-	-	4,526,476
Other external revenue	138	-	84,879	-	85,017
Total segment revenue	<u>4,526,614</u>	<u>-</u>	<u>84,879</u>	<u>-</u>	<u>4,611,493</u>
Results					
Operating profit / (loss) before income tax	(141,739)	39,418	(767,241)	-	(869,562)
Income tax expense					-
Net loss					<u>(869,562)</u>
30 June 2010					
Assets					
Segment assets	7,897,854	13,630	7,170,665	-	<u>15,082,149</u>
Non-current assets acquired	2,509,856	-	512	-	<u>2,510,368</u>
Liabilities					
Segment liabilities	128,430	91,784	212,186	-	<u>432,400</u>
31 December 2009					
Other segment information					
Depreciation	75,569	49	3,466	-	79,084
Non-cash expenses other than depreciation	287,665	(1,258)	211,797	-	498,204

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

31 December 2010

8. CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent liabilities reported in the June 2010 Annual Report.

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2010

There are no matters or circumstances that have arisen since 31 December 2010 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years.

**CASPIAN OIL & GAS LIMITED LIMITED AND ITS CONTROLLED
ENTITIES**

DIRECTORS' DECLARATION

31 December 2010

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



C J Carson
CHAIRMAN

Dated at Perth this 16th day of March 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Caspian Oil & Gas Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Caspian Oil & Gas Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Caspian Oil & Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Caspian Oil & Gas Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants



M R W OHM
Partner

Perth, Western Australia
16 March 2011