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NEWS RELEASE

West Mailisu #2 Well Encounters Oil Shows

Perth, Western Australia

Caspian Oil & Gas Limited (ASX: CIG) is pleased to report that good oil shows were encountered in Bed II over the interval 1691-1697m in its West Mailisu #2 well.

The West Mailisu #2 well is on Caspian's 100%-owned West Mailisu licence in the Kyrgyz Republic, Central Asia.

The shows are described by the wellsite geologist as "strong oil shows with visible oil in cuttings with a smell of hydrocarbons and bright yellow bluish fluorescence". Bed II, which was a secondary target, is described as a fine to medium coarse-grained sandstone. Logs have been recorded and a decision about further testing will be made following interpretation.

Caspian Chief Executive Officer Graeme Parsons said finding oil in Bed II was a pleasant surprise as it was not common in the Northern Fergana Basin.

"Bed II confirms the structure, auguring well for the deeper targets," Mr Parsons said.

"Based on our geologist's description of moveable oil, it may be possible to produce from Bed II at a later stage."

Intermediate seven inch casing has been set at 1,713m (driller's depth) and the rig is waiting on cement to harden before drilling ahead into the first primary target, (Bed III - Eocene aged sandstone) expected at 1,740m. Beds V and VII (Eocene limestone) will then be tested prior to reaching the proposed well depth of 2,000m.

The West Mailisu prospect lies adjacent to the Mailisu IV oil field, which has produced more than 42mmbbls of oil. The targeted feature is defined by a NW-SE trending reverse fault on the northern flank. Seismic sections across the structure indicate a robust closure (see figures 2 and 3).

The prospect has the potential to contain oil reserves of up to 9.7mmbbls, with mean potential reserves of 4.5mmbbls calculated for the Eocene reservoirs.



Figure 1- West Mailisu # 2 well site

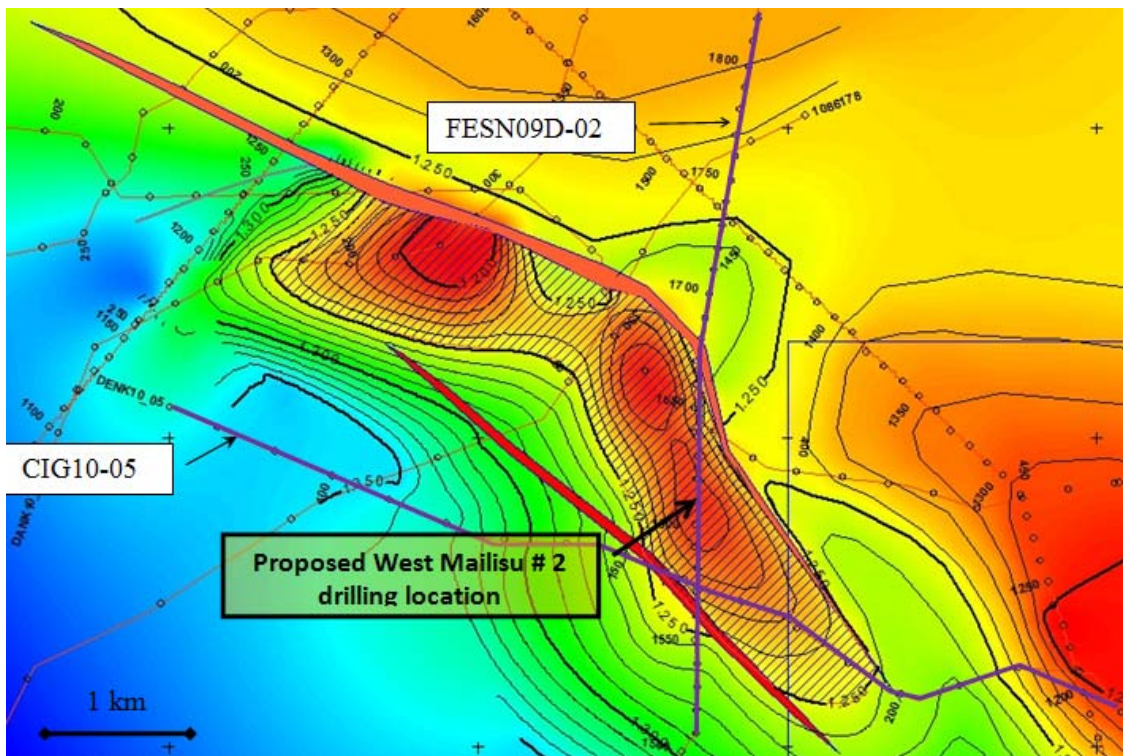


Figure 2 - Time structure Map top Eocene Carbonates

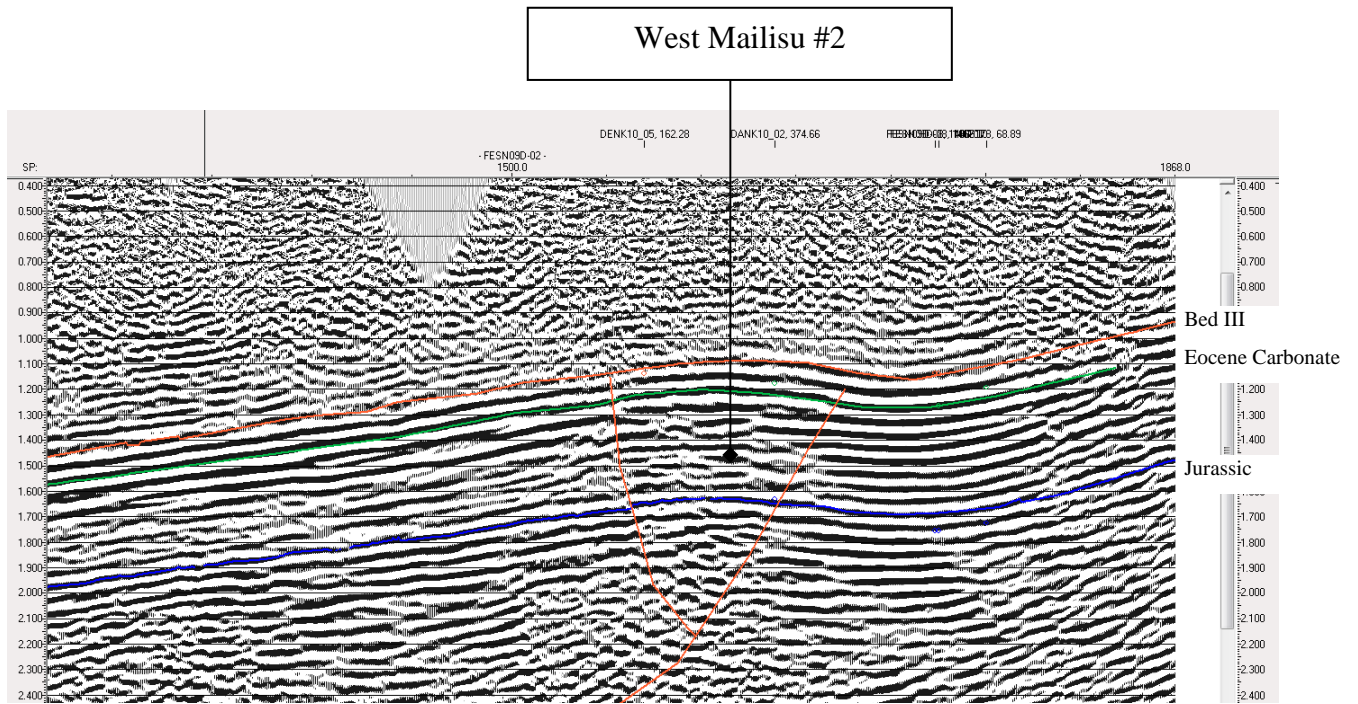


Figure 3 - Seismic Line FESN09-02

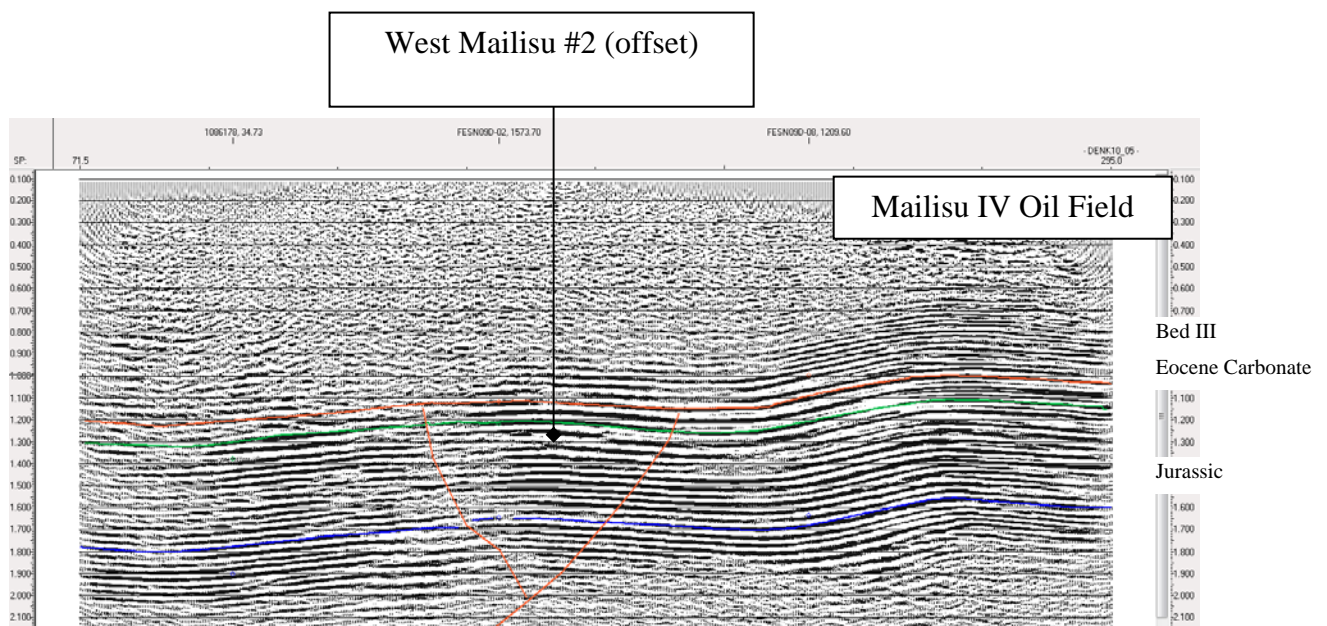


Figure 4 - Seismic Line CAS10-05

The well is being drilled by Caspian's own rig to a depth of approximately 2,000m, testing the Eocene and upper Cretaceous sands.



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Background

Caspian Oil & Gas, through its subsidiaries JSC Textonic (Caspian equity 100%) and South Derrick LLC (70% equity), holds a number of licences in the Fergana Basin, giving it a significant exploration position within the Kyrgyz Republic (see location map below).

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



Location Map of Caspian Licences in the Kyrgyz Republic

More information is available on the Company's website www.caspianogl.com

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 30 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.