

11 July 2011

NEWS RELEASE

West Mailisu #2 Well Progress Report

Perth, Western Australia (ASX: CIG): Caspian Oil & Gas Limited (ASX: CIG) reports that its rig was drilling ahead on its West Mailisu #2 well at 1,188m at 8.00 am Perth time, on the way to the primary target (sandstone Bed III) at 1,740m. The limestone Beds V and VII will then be tested prior to reaching the proposed well depth of approximately 2,000m.

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

The West Mailisu prospect lies adjacent to the Mailisu IV oil field, which has produced more than 42mmbbls of oil. West Mailisu #2 will target oil in Eocene age sands and carbonates (Beds III, V & VII).

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.



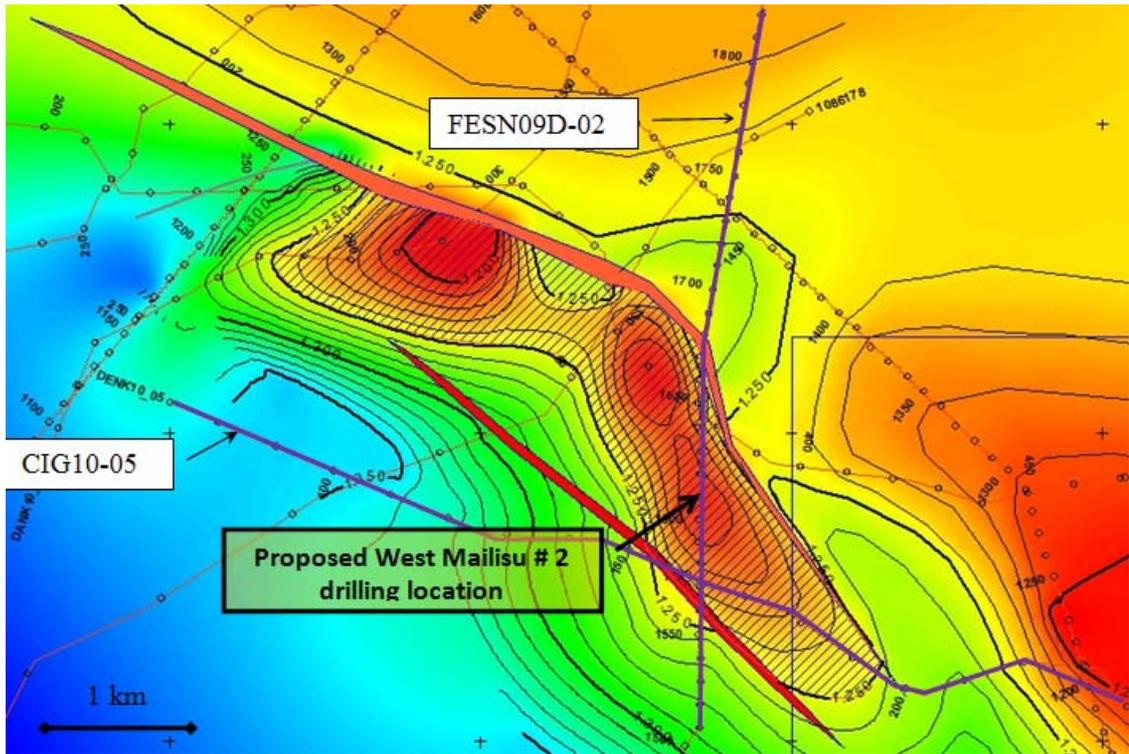


Figure 1 - Time structure Map top Eocene Carbonates

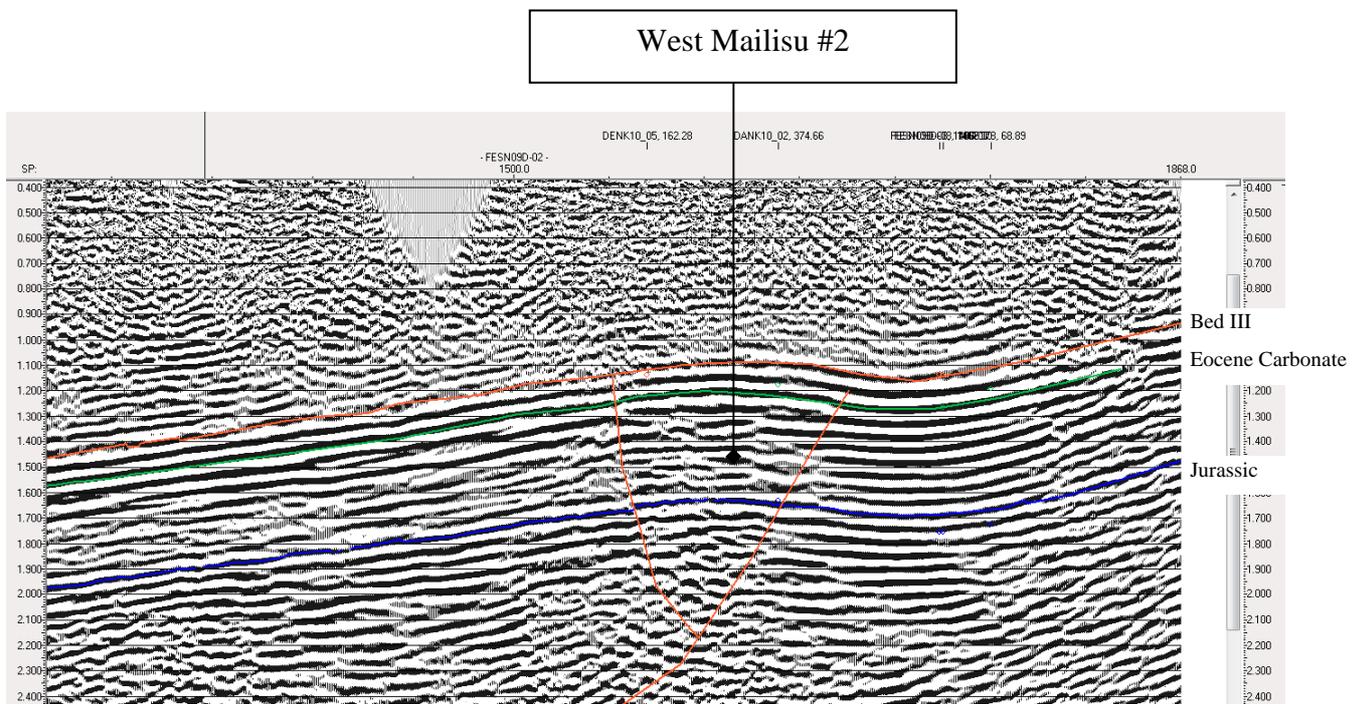


Figure 2 - Seismic Line FESN09-02

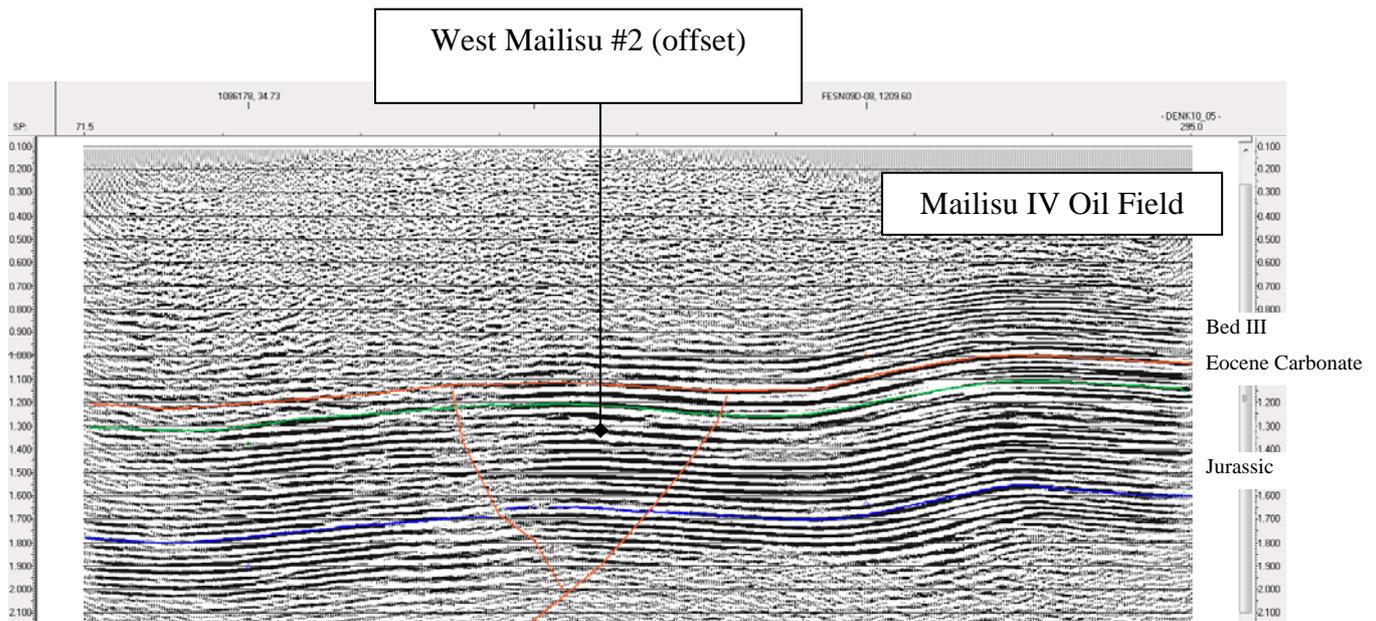


Figure 3 - Seismic Line CAS10-05

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.