



14 April 2010

The Manager
Company Announcements Office
ASX Ltd
4th Floor, 20 Bridge Street
SYDNEY, NSW 2000

Caspian Oil & Gas discovers attractive exploration targets

Perth, Western Australia (ASX: CIG):

Following the resumption of operatorship of the Company's Kyrgyz assets, Caspian Oil & Gas Limited has identified a total of 25 prospects and leads with Prospective Resources totalling 242 million barrels (mmbbl).

The opportunities range up to 55mmbbl mean Prospective Resource (unrisked) and an average of around 10mmbbl across the portfolio. In addition, the Company has identified several attractive gas prospects.

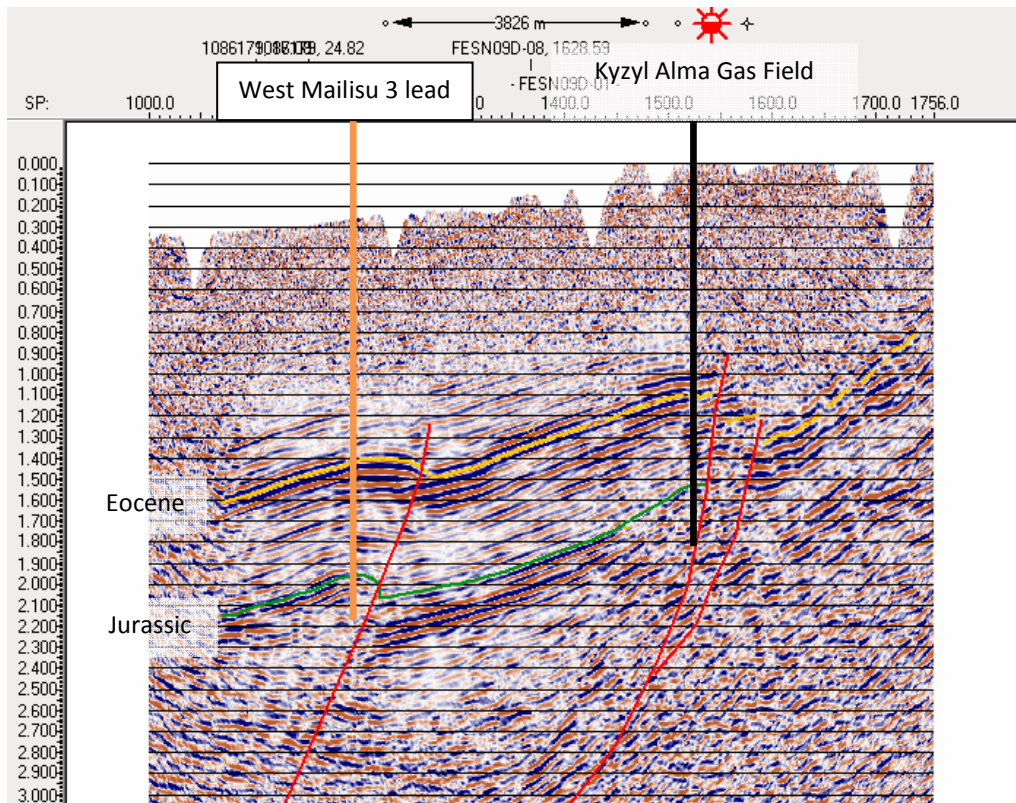
Armed with these opportunities, the Company is now looking to farm out an interest in over 7,000 sq km of prospective ground in the Fergana Basin. Several companies have signed confidentiality agreements which allow them to receive proprietary data to evaluate the opportunity.

Caspian Chief Executive Officer Graeme Parsons said the blocks were extremely prospective.

"A number of good opportunities have come out of our recent work. For example the West Mailisu 3 lead, which is 100% Caspian owned, has the potential for up to 25bcf gas as well as 10mmbbls of oil," he said.

"To evaluate its potential we have contracted Kyrgyzgeophysika, a local geophysical company, to record additional seismic over the lead commencing in May 2010 with the view to drilling the prospect later in the year if the extra seismic confirms structural closure."

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 Eocene carbonates. The West Mailisu 3 structure, only revealed by the 2009 seismic programme, looks very similar to Kyzyl Alma (see figure below).



Seismic Line through the West Mailisu 3 lead

Regarding recent political unrest within the Kyrgyz Republic, Mr Parsons commented that all staff, company property and production were unaffected and operational activity is ongoing.

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Background:

Caspian through its subsidiaries JSC Textonic (Caspian equity 100%) and South Derrick LLC (70% equity) holds eight licences in the Fergana Basin, giving it a significant exploration position within the Kyrgyz Republic (Fig 1).

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



Figure 1 Caspian Licence in 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 targets and 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.

Yours faithfully

GRAEME PARSONS
Chief Executive Officer