

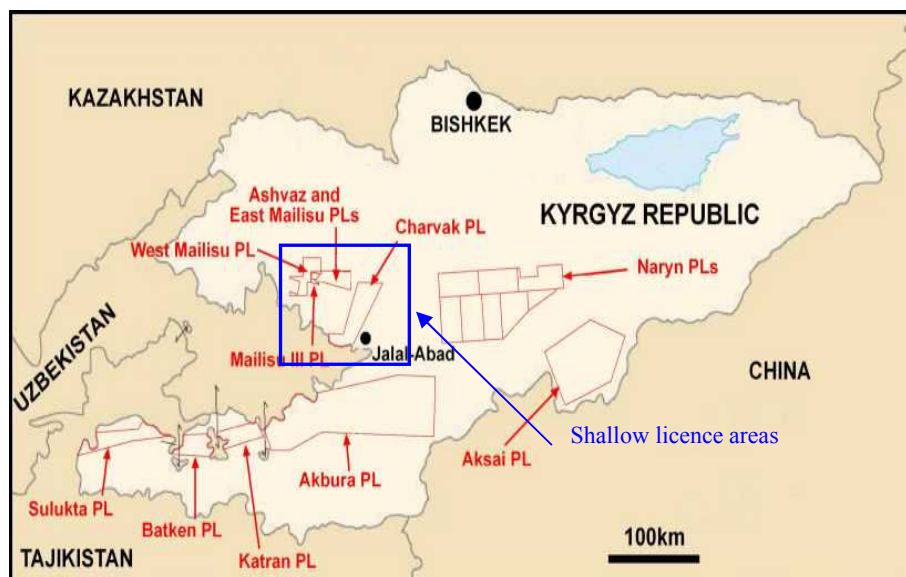
June 2007 QUARTERLY SECURITIES EXCHANGE REPORT

31 July 2007

Kyrgyz Republic Oil Projects

Overview

- Caspian subsidiary JSC Textonic (“Textonic”) holds 10 licences covering about 12,000 sq km, giving it a dominant exploration position in the Fergana Basin within the Kyrgyz Republic.
- Santos International Operations Limited (“Santos”), a subsidiary of Australia’s second largest oil and gas company, is funding exploration on Textonic’s Kyrgyz Republic acreage under a three phase farm-in, spending up to US\$24 million to earn 80% equity in the blocks. Caspian is carried for 20% equity during the farm-in.
- After reprocessing 4,500 km of Soviet era seismic, Santos committed to a 600-700km 2D seismic program, but delays in acquiring and importation of equipment means that recording is now scheduled to commence in August 2007.
- The drilling rig purchased by Caspian has arrived in the Kyrgyz Republic from China. Shipments are progressively arriving at the first well-site on the Ashvaz block and the first well is scheduled to spud in mid to late August. The new rig, a 650hp ZJ20, is capable of drilling to a depth of 2,500m and will be used in an initial eleven well drilling programme in the shallow licence areas (see map below and explanation next page).



Caspian Oil & Gas Kyrgyz Republic Licences

Santos Farmin

Santos's current focus is to record seismic to high-grade prospects and leads which have been identified from reprocessed Soviet seismic data. The seismic programme is part of Santos' second stage commitment and a 600-700 km survey is planned. The commencement of acquisition has been delayed due to problems with the sourcing and importation of equipment from France and Russia. These problems have been resolved and recording multi-fold 2D data is scheduled to commence in August 2007.

Drilling of the deeper targets could commence in early-mid 2008, depending on the results of the seismic. Santos has indicated that it would use the Caspian drilling rig should identified drilling targets fall within the rig's capacity.

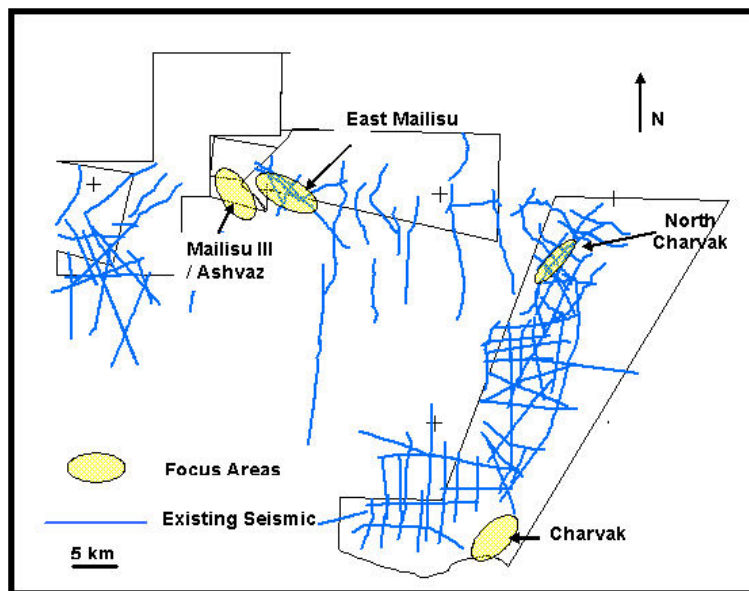
Caspian Operational Activities

While the licences are included in the joint venture with Santos, Caspian is entitled to operate on the shallow potential down to 1,000m depth on the northern Fergana licences of Charvak, Ashvaz, East Mailisu and West Mailisu and to retain 100% of the oil produced. In addition, Caspian has the rights to 70% of the Mailisu III block in joint venture with KNG (the government oil company), without restriction on depth.

Caspian has identified additional shallow leads following a review of the Santos reprocessed seismic in the northern Charvak and East Mailisu areas. Additional seismic is required to refine drilling locations and will be recorded at Caspian's expense as part of the Santos seismic acquisition programme.

There are four main focus areas in Caspian's operations and wells in these areas are schedule to be drilled by year end 2007. The areas are:

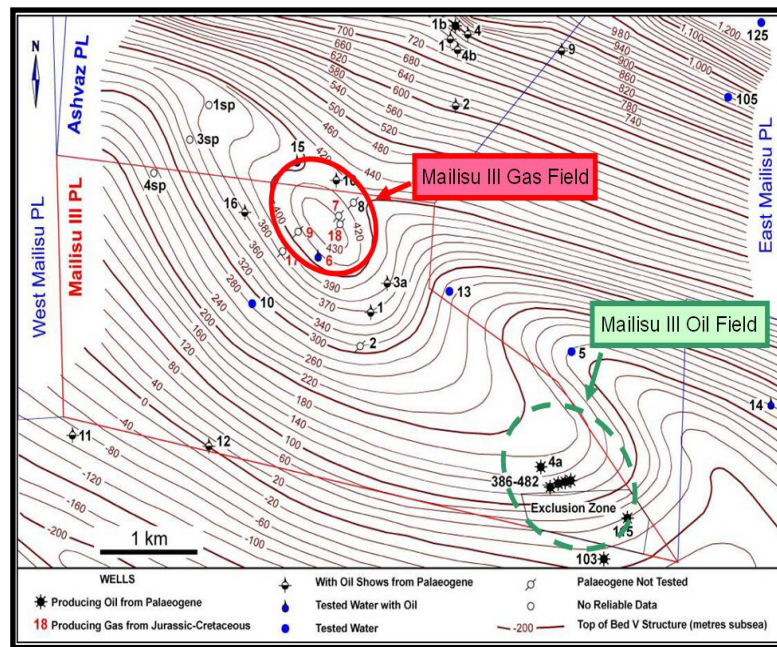
- Mailisu III / Ashvaz
- East Mailisu
- North Charvak
- Charvak



Location Map showing focus areas and existing seismic coverage

Mailisu III / Ashvaz - Play Summary

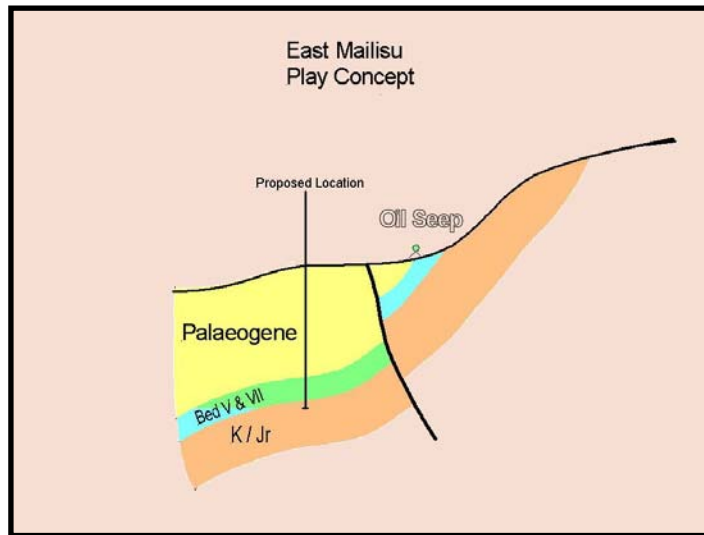
- Trap: Stratigraphically / fault trapped oil
- Area: up to 3,000 acres
- Hydrocarbon Indications: ~700,000bbls produced to date from Government operated section of Mailisu III; 20 BCF in separate Mailisu III gas field – a number untested wells with potential log pay
- Main Risks: commercial flow rate, trap, reservoir thickness (permeability distribution)
- Potential Work Programme: 6-8 wells
- Follow up: additional 10+ wells



Details of Mailisu III area

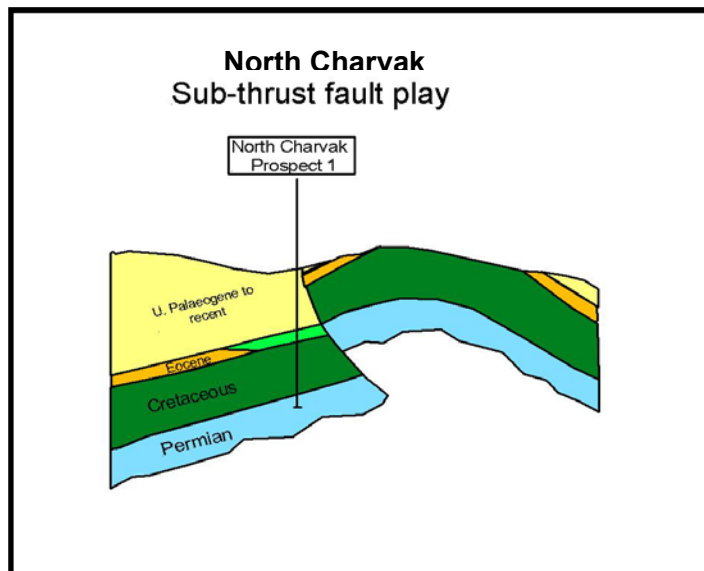
East Mailisu - Play Summary

Trap: fault trap
Area: up to 500 acres
Hydrocarbon Indications: oil seeps observed up-dip in outcrop and in nearby uranium exploration drill-holes
Main Risks: trap, seal (cross-fault)
Potential Work Programme: additional seismic required to define structure
Follow up: 1 exploration well, 4-5 development wells (success case)



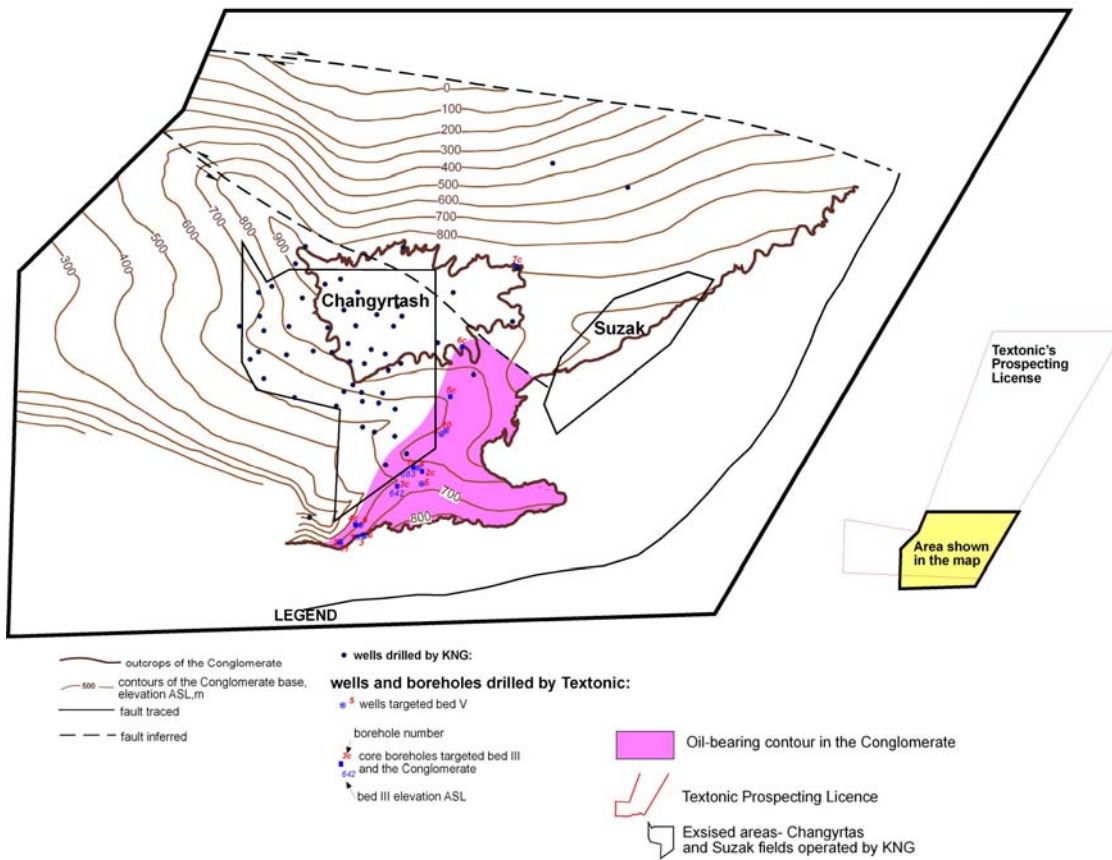
North Charvak - Play Summary

Trap: fault trap
Area: up to 600 acres
Hydrocarbon Indications: none
Main Risks: trap, charge (could be limited source fetch)
Potential Work Programme: additional seismic required to define structure
Follow up: 1 exploration well, 4-5 wells (success case); additional leads possible



Charvak Miocene/Pliocene Sandstone - Play Summary

- Trap: stratigraphic trap (bitumen seal)
- Area: up to 800 acres
- Hydrocarbon Indications: oil in core; recent production well drilled in neighbouring licence
- Main Risks: commercial flow rate, reservoir thickness (permeability distribution)
- Potential Work Programme: 3 shallow wells to test production potential
- Follow up: 10+ development wells



Upcoming Activity and Staffing

Caspian is planning to drill at least four wells in the Mailisu III block and two wells in the Ashvaz licence. The Mailisu/Ashvaz wells will test stratigraphically/fault trapped oil currently produced at Mailisu III. In addition at least 3 wells will be drilled in the Charvak Pliocene play.

Although both the East Mailisu and North Charvak leads could benefit from additional seismic control, depending on the timing of potential seismic acquisition and rig availability the wells may be drilled at the back end of the planned drilling programme without recording the additional seismic.

A drilling crew has been recruited from the experienced local workforce to operate Caspian's rig and Michael Newport will join as drilling manager on 1 August. Michael has 32 years' experience in the oil drilling industry, including senior management positions with Oil Drilling & Exploration and Century Resources, working in Australia and Asia.

Joost Herweijer is also taking on the role of principal geologist with Caspian from 1 August. Joost has 25 years' of broad experience as a petroleum geologist with a strong background in reservoir engineering. He has worked or consulted for companies such as Shell, Elf Aquitaine, Santos and Woodside on projects in Europe, North and South America, Indonesia and Australia. In addition to overseeing work on Caspian's Kyrgyz acreage, Joost will be assessing new opportunities in the Kyrgyz Republic and elsewhere.

Discussions are continuing to secure some African oil licences.

Rationalisation of Acreage

After an assessment by joint venture partner Santos, Caspian has agreed to relinquish licences covering the frontier Naryn and Aksai Basins in the Kyrgyz Republic. The focus of both Santos and Caspian has been on exploring the highly prospective Fergana Basin licences and both companies have agreed that their efforts should be concentrated on developing those prospects. Over 600 million barrels of oil have been produced from the Fergana Basin and many of Caspian's Fergana licences lie adjacent to significant oil discoveries.

The Naryn and Aksai Basins were considered higher risk as no active petroleum systems had previously been identified in these areas. Over the past two years, Santos, the operator of the joint venture, has undertaken two seasons of field work and extensive sampling and laboratory analysis of rocks from these basins. The results of these studies failed to identify source beds of suitable organic richness or maturity capable of producing significant oil or gas in either the Naryn or Aksai Basins. As these licence areas were coming up for renewal in September and December 2007 respectively, a decision has been made by the joint venture that it was not appropriate to renew these licences.

Caspian's acreage in the Kyrgyz Republic following these surrenders will remain a healthy 12,000 sq km.

Capital Raising

Caspian placed 175 million shares in May to raise \$9,275,000 to fund the acquisition of its drilling rig and the planned drilling programme. \$6,572,000 was banked in May and the balance of \$2,703,000 was banked in June after shareholder approval of the issue was obtained.

Mineral Projects

While Caspian is focused on developing and expanding its oil interests, it retains a number of prospective minerals assets. These include shares in gold explorer Perseus Mining Limited, the Mansounia gold joint venture with Burey Gold Limited and diamond joint ventures with De Beers in the Democratic Republic of Congo ("DRC") and Paramount Mining Corporation Ltd in Ghana.

Perseus (ASX code: PRU) is the spin-off vehicle for Caspian's former gold assets. Resource upgrades have taken Perseus's announced gold resources on three prospects in Ghana and the Kyrgyz Republic to a total of 3,620,000 oz (Indicated 571,000 oz, Inferred 3,049,000 oz). It is actively exploring in those countries and in the Ivory Coast, where it has recently reported a number of wide high grade gold intercepts from RC drilling on the Tengrela project. Perseus raised \$11.5 million through a placement at \$1.15 per share in July 2007 and, at its current share price of around \$1.20, Caspian's 19.2% equity in Perseus is valued at approximately \$30 million.

De Beers has identified at least three high interest areas on Caspian's diamond leases at Tshikapa in the DRC. The Tshikapa diamond field has extensive alluvial diamond occurrences and production over an extensive area, but De Beers is focusing on identifying kimberlitic sources. A reconnaissance aeromagnetic survey identified one target with co-incident abundant ilmenites and garnets. A Detailed Airborne Magnetic

Geophysical Survey will follow up this and the two other areas with mineral chemistry indicative of high interest sources.

Burey Gold has commenced a 7,000m RC and diamond infill and extensional drilling program on the Mansounia gold project in Guinea. It plans to undertake metallurgical testwork on diamond core samples as part of its assessment of the resource potential of the project.

A handwritten signature in black ink, appearing to read 'Graeme Parsons', is positioned above the printed name.

GRAEME PARSONS
Executive Director & Chief Operating Officer

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Appendix 5B

Mining exploration entity quarterly report

Name of entity

CASPIAN OIL & GAS LIMITED

ABN

44 065 212 679

Quarter ended ("current quarter")

30 June 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	13	563
1.2 Payments for (a) exploration and evaluation	(362)	(1,581)
(b) development	-	-
(c) production	(22)	(41)
(d) administration	(264)	(1,108)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	68	230
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – purchase of inventory (drilling consumables)	(580)	(580)
Net Operating Cash Flows	(1,147)	(2,517)
Cash flows related to investing activities		
1.8 Payment for purchase or renewal of:		
(a) prospects	-	-
(b) equity investments	(3)	(3)
(c) other fixed assets	(4,588)	(4,672)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	38
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	2	25
1.12 Other –	-	-
Net investing cash flows	(4,589)	(4,612)
1.13 Total operating and investing cash flows (carried forward)	(5,736)	(7,129)

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1.13	Total operating and investing cash flows (brought forward)	(5,736)	(7,129)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	9,350	9,350
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	(545)	(545)
	Net financing cash flows	8,805	8,805
	Net increase (decrease) in cash held	3,069	1,676
1.20	Cash at beginning of quarter/year to date	3,793	5,457
1.21	Exchange rate adjustments to item 1.20	(95)	(366)
1.22	Cash at end of quarter	6,767	6,767

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	177
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	157
Accounting and secretarial services	20

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.

- 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

US\$802,806 – Santos International Operations Pty Ltd earning an interest in the Kyrgyz oil projects.

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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	400
4.2 Development	-
Total	400

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	287	51
5.2 Deposits at call	6,480	3,742
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6,767	3,793

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None	-	-
6.2	Interests in mining tenements acquired or increased	None		

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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 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	1,004,839,430	1,004,839,430		
7.4 Changes during quarter				
Issue of shares through placement	175,000,000	175,000,000	5.3 cents	5.3 cents
Conversion of options	1,500,000	1,500,000	5 cents	5 cents
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
Employee and Consultant options	2,000,000	-	5 cents	31/12/2007
	4,000,000	-	5 cents	31/03/2008
	20,000,000	-	5 cents	30/11/2007
	15,600,000	-	10 cents	31/10/2008
	5,000,000	-	10 cents	30/11/2009
	5,000,000	-	8 cents	31/12/2009
	2,100,000	-	8 cents	31/03/2010
	2,350,000	-	8 cents	30/06/2010
7.8 Issued during quarter				
	2,100,000	-	8 cents	31/03/2010
	2,350,000	-	8 cents	30/06/2010
7.9 Exercised during quarter	(1,500,000)	-	5 cents	31/12/2008
7.10 Cancelled/Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

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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:

Date: 31 July 2007

Director

Print name: COLIN JOHN CARSON

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