CASPIAN OIL & GAS LIMITED

ABN 44 065 212 679

HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

CONTENTS

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 2011. 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	
Avraham Ben-Natan	Appointed 30 November 2011

Results

The consolidated loss for the half year after tax was $42,639 (2010: $1,618,700).

Review of Operations

Background

Caspian Oil & Gas Ltd through its subsidiary companies CJSC Textonic and South Derrick LLC holds 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. Caspian also maintains strategic interests in mineral assets.

Kyrgyz Operations

Caspian drilled the West Mailisu #2 well during the half-year. The well encountered good oil shows over 1,691m-1,697m and produced a minor amount of oil (~20bbls) on test. The results are not considered to be a fair indication of the potential as it is likely that the formation is damaged due to heavy drilling fluids. Initial estimates for the well map a mean potential resource of around 1 million barrels.

During November, 20km of 2D seismic was recorded over four leads in the East Mailisu and Charvak licences. A review of this and other regional seismic has identified large potential Palaeozoic structures. Studies are currently underway to determine how best to highgrade the opportunities.
At the end of 2011, following negotiations with the Government, a rationalisation of the licences has been made.

The least prospective portions of the Akbura licence (east) and the Sulukta licence (south) and the entire Katran licence are to be relinquished. New 10 year terms have been applied for all the other licences and are currently awating final Government ratification.

Approximately 2,470 barrels of oil were produced from Caspian's operations in the half year.

Caspian is currently active in seeking joint-venture participants.

Mineral Assets

Caspian Oil & Gas Ltd retains a number of minerals related assets, which, given buoyant conditions in that sector and pleasing progress made on these assets during the past half-year period, are taking on greater significance to the Company. These assets include shares in listed gold producers and explorers, royalty interests and gold and diamond projects in Ghana, Guinea and the Democratic Republic of Congo (DRC). Caspian continues to be presented with new opportunities in the hard rock mineral sector and will continue to follow up on interesting leads.

The Company has continued to fund its activities by the sale of shares in listed minerals companies. At the date of this report the market value of Caspian's listed minerals company shares is $1.8 million.

Results from a 60-hole, 5,880m reverse circulation (RC) and diamond core drilling program at the Mansounia Gold Project, Guinea, were announced by Caspian's JV partner, Burey Gold Limited, in November 2011. The program, which achieved results including 18m at 3.0g/t, 13m at 3.4g/t, 2m at 9.1g/t and 13m at 1.8g/t Au, tested extensions and infill to the low grade Mansounia gold deposit. Caspian understands that Burey will update the resource estimate for Mansounia before assessing possible development options.

Caspian retains an 8% interest in the Mansounia project, carried to completion of a feasibility study, at which time it is also entitled to a US$500,000 cash payment.

Caspian owns the Osenase, Pramkese and Asamankese licences in Ghana, which are prospective for alluvial and hard rock diamonds and gold. The Company is in discussion with potential farm-in partners for these projects.

Caspian holds 0.5% royalties on production from Perseus Mining Limited's Tengrela Gold Project in Ivory Coast and Grumesa Gold Project in Ghana, both of which are moving towards possible development over the next two years and will be expected to provide an initial cash flow of around US$1.3m per year from late 2013 if current gold prices are maintained. It also has a joint venture on two diamond exploration licences at Tshikapa in the Democratic Republic of Congo which is funded by its joint venture partner, Delrand Resources Limited.

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 2011.

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.

Colin Carson

C J Carson
Chairman
Perth

Dated this 15th day of March 2012

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.

Exploration results referred to at the Mansounia Project above are obtained from public records of Burey Gold Limited, the operator of the project.

Accountants | Business and Financial Advisers

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 2011, 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
15 March 2012

M R W OHM
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth 6000 PO Box 8124 Perth BC 6849 Western Australia. Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CASPIAN OIL & GAS LIMITED AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2011

	Note	Consolidated 6 Months Ended 31 December 2011 $	Consolidated 6 Months Ended 31 December 2010 $
REVENUES			
Revenue from ordinary activities	2	106,522	153,317
Cost of sales and services	2	(62,209)	(27,356)
GROSS PROFIT		44,313	125,961
Other income	2	1,025,976	336,779
		1,070,289	462,740
EXPENSES			
Employee, directors and consultants costs		(645,533)	(755,416)
Share based compensation expense		-	(1,580)
Depreciation expense		(60,908)	(69,422)
Foreign exchange losses		(96,758)	(293,431)
Kyrgyz administration costs		(161,513)	(229,448)
Writedown of exploration expenditure		(16,500)	(618,881)
Travel expenses		(27,406)	(28,880)
Other expenses		(104,310)	(84,382)
Total Expenses		(1,112,928)	(2,081,440)
Loss before income tax benefit		(42,639)	(1,618,700)
Income tax benefit relating to ordinary activities		-	-
Loss after tax benefit		(42,639)	(1,618,700)
Other comprehensive income			
Exchange differences on translation of foreign operations		179,125	(1,178,208)
Net change in fair value of available-for-sale financial assets		14,653	1,992,614
Transfer of gains on disposal of available-for-sale financial assets		(966,903)	(299,648)
Total other comprehensive income / (loss)		(773,125)	514,758
Total comprehensive loss for the period		(815,764)	(1,103,942)
Loss attributable to:			
Owners of the Parent		(680)	(1,601,861)
Non-controlling Interests		(41,959)	(16,839)
		(42,639)	(1,618,700)
Comprehensive loss attributable to:			
Owners of the Parent		(777,135)	(1,143,548)
Non-controlling Interests		(38,629)	39,606
		(815,764)	(1,103,942)
Basic loss per share	4	(0.01) cents	(0.12) cents

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
Current Assets			
Cash and cash equivalents		327,045	1,852,503
Receivables		256,501	73,155
Inventories		2,205,536	2,354,320
Other		267,839	200,024
Assets classified as held for sale	10	428,859	-
Total Current Assets		3,485,780	4,480,002
Non-Current Assets			
Receivables		-	203,509
Available-for-sale financial assets		1,966,988	2,950,738
Property, plant and equipment		1,167,582	1,567,605
Mineral interest acquisition, exploration and development expenditure	3	3,339,959	1,822,641
Other		116,142	64,254
Total Non-Current Assets		6,590,671	6,608,747
Total Assets		10,076,451	11,088,749
Current Liabilities			
Payables		297,665	494,199
Total Current Liabilities		297,665	494,199
Total Liabilities		297,665	494,199
Net Assets		9,778,786	10,594,550
Equity			
Issued capital	5	99,362,502	99,362,502
Reserves	6	(584,010)	192,445
Accumulated losses		(88,908,969)	(88,908,289)
Parent Entity Interest		9,869,523	10,646,658
Non-controlling interests		(90,737)	(52,108)
Total Equity		9,778,786	10,594,550

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 2011

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.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2011

Consolidated	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Non-controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2011	99,362,502	(88,908,289)	6,541,525	(6,349,080)	(52,108)	10,594,550
Loss attributable to members of the parent entity	-	(680)	-	-	(41,959)	(42,639)
Currency translation differences	-	-	-	175,795	3,330	179,125
Revaluation of available-for-sale financial assets	-	-	14,653	-	-	14,653
Transfer of gains on disposal of available-for-sale financial assets	-	-	(966,903)	-	-	(966,903)
Total comprehensive income for the period	-	(680)	(952,250)	175,795	(38,629)	(815,764)
Balance at 31 December 2011	**99,362,502**	**(88,908,969)**	**5,589,275**	**(6,173,285)**	**(90,737)**	**9,778,786**

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2011

	Consolidated 6 Months Ended 31 December 2011 $	Consolidated 6 Months Ended 31 December 2010 $
Cash flows from operating activities		
Cash receipts in the course of operations	118,759	143,105
Cash payments in the course of operations	(1,061,558)	(650,680)
Interest received	10,691	31,360
Net cash used in operating activities	(932,108)	(476,215)
Cash flows from investing activities		
Payments for exploration and development expenditure	(1,584,399)	(874,367)
Payments for plant and equipment	(101,615)	(14,957)
Proceeds from sale of plant and equipment	78,938	28,738
Proceeds from sale of investments	998,403	1,019,490
Loans repaid from other entities	19,935	46,441
Net cash provided by / (used in) investing activities	(588,738)	205,345
Cash flows from financing activities		
Proceeds from share issues	-	-
Net cash provided by financing activities	-	-
Net decrease in cash held	(1,520,846)	(270,870)
Cash at the beginning of the reporting period	1,852,503	3,216,256
Effect of exchange rate fluctuations on the balances of cash held in foreign currencies	(4,612)	(238,480)
Cash at the end of the reporting period	327,045	2,706,906

The accompanying notes form part of these financial statements.

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 2011 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 2011 annual financial report for the financial year ended 30 June 2011.

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 2011.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Directors have 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 2011.

It has been determined by the Directors 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 Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined 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.

2. LOSS BEFORE INCOME TAX BENEFIT

	Consolidated 31 December 2011 $	Consolidated 31 December 2010 $
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Revenue from oil production	85,245	137,808
Costs from oil production	(59,533)	(27,356)
	25,712	110,452
Rendering of services revenue	21,277	15,509
Costs of services rendered	(2,676)	-
	18,601	15,509
	44,313	125,961
Interest - other parties	10,691	29,982
Net gain on disposal of property, plant and equipment	48,382	7,149
Net gain on disposal of available-for-sale investments	966,903	299,648
	1,025,976	336,779
Share based payments to consultants and employees	-	(1,580)
Write-off of capitalised exploration expenditure	(16,500)	(618,881)

3. MINERAL INTEREST ACQUISITION, EXPLORATION AND DEVELOPMENT EXPENDITURE

	Consolidated Half-year ended 31 December 2011 $	Consolidated Year ended 30 June 2011 $
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	1,822,641	1,194,480
Expenditure incurred	1,978,497	2,373,648
Expenditure written off	(16,500)	(1,613,250)
Transfer to assets-held-for-sale (refer Note 10)	(531,792)	-
Foreign currency translation difference movement	87,113	(132,237)
Balance at close of the period	3,339,959	1,822,641

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 2011 cents	31 December 2010 cents
Basic loss per share	(0.01)	(0.12)
	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	1,331,500,513

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.

5. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 Dec 2011		30 Jun 2011	
	Number	$	Number	$
Ordinary shares, fully paid	1,331,500,513	99,362,502	1,331,500,513	99,362,502
Movements in Ordinary Shares:				
Balance at the beginning of the period	1,331,500,513	99,362,502	1,331,500,513	99,362,502
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 1 July 2011 Number	Options Issued Number	Options Cancelled/ Expired Number	Closing Balance 31 Dec 2011 Number
On or before 31 Dec 2011		$0.10	900,000	-	(900,000)	-
On or before 31 Oct 2013		$0.03	5,000,000	-	-	5,000,000
			5,900,000	-	(900,000)	5,000,000

(i) 900,000 unlisted options expired unexercised during the current period.

6. RESERVES

	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
Option Premium reserve	589,000	589,000
Equity based compensation reserve (a)	2,509,475	2,509,475
Financial assets reserve (b)	2,490,800	3,443,050
Foreign currency translation reserve (c)	(6,173,285)	(6,349,080)
Total	(584,010)	192,445

Movements during the period:

(a) Equity based compensation reserve	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
Balance at beginning of period	2,509,475	2,507,895
Fair value of options issued	-	1,580
Balance at end of period	2,509,475	2,509,475

(b) Financial assets reserve	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
Balance at beginning of period	3,443,050	4,351,219
Revaluation of available-for-sale financial assets	14,653	(645,900)
Transfer of gains on disposal of available-for-sale financial assets	(966,903)	(262,269)
Balance at end of period	2,490,800	3,443,050

(c) Foreign currency translation reserve	Consolidated 31 December 2011 $	Consolidated 30 June 2011 $
Balance at beginning of period	(6,349,080)	(5,059,393)
Currency translation differences	175,795	(1,289,687)
Balance at end of period	(6,173,285)	(6,349,080)

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 2011					
Revenue					
Revenue from external customers	106,522	-	-	-	106,522
Other external revenue	48,382	-	977,594	-	1,025,976
Total segment revenue	154,904	-	977,594	-	1,132,498
Results					
Operating profit / (loss) before income tax	(376,900)	(2,238)	336,499	-	(42,639)
Income tax expense					-
Net loss					(42,639)
Assets					
Segment assets	7,422,164	60,064	2,594,223	-	10,076,451
Non-current assets acquired	2,080,112	-	-	-	2,080,112
Liabilities					
Segment liabilities	70,578	67,078	160,009	-	297,665
Other segment information					
Depreciation	59,327	-	1,581	-	60,908
Non-cash expenses other than depreciation	451,577	2,185	(5,668)	-	448,094
31 December 2010					
Revenue					
Revenue from external customers	153,317	-	-	-	153,317
Other external revenue	7,149	-	329,630	-	336,779
Total segment revenue	160,466	-	329,630	-	490,096
Results					
Operating profit / (loss) before income tax	(1,083,692)	(296)	(534,712)	-	(1,618,700)
Income tax expense					-
Net loss					(1,618,700)
Assets					
Segment assets	6,213,919	17,402	7,668,932	-	13,900,253
Non-current assets acquired	892,350	-	-	-	892,350
Liabilities					
Segment liabilities	92,183	67,385	193,298	-	352,866
Other segment information					
Depreciation	66,864	-	2,558	-	69,422
Non-cash expenses other than depreciation	658,222	236	297,389	-	955,847

8. CONTINGENT LIABILITIES

Since the last annual reporting date, there has been no material change in any contingent liabilities reported in the June 2011 Annual Report.

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2011

There are no matters or circumstances that have arisen since 31 December 2011 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial years other than the disposal of the Company's Romanian exploration interests in January 2012 for 344,974 Euros (A$ 428,859) – refer Note 10 for further details.

10. ASSETS CLASSIFIED AS HELD FOR SALE

At balance date, as disclosed in Note 9, the Group was in the process of disposing of its Romanian exploration interests and the disposal met the criteria in AASB 5 to be classified as an asset held for sale. The assets were disposed of in January 2012 for 344,974 Euros (A$ 428,859).

	31 December 2011 **$**
Balance at beginning of the period	-
Transfer from exploration expenditure	531,792
Foreign exchange revaluation	(102,933)
Balance at close of the period	428,859

DIRECTORS' DECLARATION

31 December 2011

In the opinion of the directors:

(a) the financial statements and notes 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 2011 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.

Colin Carson

C J Carson
CHAIRMAN

Dated at Perth this 15th day of March 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Caspian Oil and Gas Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Caspian Oil and Gas Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2011, 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 controls 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 2011 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 the consolidated entity, 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*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

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 and 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 2011 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

Perth, Western Australia
15 March 2012

M R W OHM
Partner