CASPIAN ENERGY INC.

Evaluation of Crude Oil Reserves
East Zhagabulak Field, Kazakhstan
Based on Forecast Prices and Costs

As of January 31, 2005

McDANIEL & ASSOCIATES
Consultants Ltd.

Oil and Gas Reservoir Engineering

CASPIAN ENERGY INC.

Evaluation of Crude Oil Reserves
East Zhagabulak Field, Kazakhstan
Based on Forecast Prices and Costs

As of January 31, 2005

Prepared For:

Caspian Energy Inc.
510, 703 – 6th Avenue, S.W.
Calgary, Alberta
T2P 0T9

Prepared By:

McDaniel & Associates Consultants Ltd.
2200, 255 - 5th Avenue S.W.
Calgary, Alberta
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April 2005

CASPIAN ENERGY INC.
EVALUATION OF THE EAST ZHAGABULAK FIELD

TABLE OF CONTENTS

McDaniel
& ASSOCIATES CONSULTANTS LTD.
Oil & Gas Reservoir Evaluations

April 28, 2005

Caspian Energy Inc.
510, 703 – 6th Avenue S.W.
Calgary, Alberta
T2P 0T9

Attention: Mr. William Ramsay, CEO

Reference: **Caspian Energy Inc.**
Evaluation of Crude Oil Reserves
East Zhagabulak Field - Kazakhstan
Based on Forecast Prices and Costs

Dear Sir:

Pursuant to your request we have prepared an updated evaluation of the crude oil reserves and the net present values of these reserves for the East Zhagabulak field in the Republic of Kazakhstan, as of January 31, 2005.

The future net revenues and net present values presented in this report were calculated using forecast prices and costs based on McDaniel & Associates opinion of future crude oil prices at January 1, 2005 and were presented in United States dollars. The reserves estimates and future net revenue forecasts have been prepared in accordance with standards set out in the Canadian National Instrument NI 51-101 and the Canadian Oil and Gas Evaluation Handbook (COGEH).

The remaining crude oil reserves as of January 31, 2005 and the respective net present values assigned to these reserves based on "Forecast Prices and Costs" were estimated to be as follows:

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ESTIMATED COMPANY SHARE OF REMAINING RESERVES
AS OF JANUARY 31, 2005
MBBL (1) (2) (3)

	Proved Producing	Total Proved	Probable Additional	Proved + Probable	Possible	Proved + Probable + Possible
Light/Medium Crude Oil						
Gross (1)	835	835	586	1,421	946	2,367
Net (2)	801	801	568	1,369	918	2,287

(1) Gross reserves include the working interest reserves before deductions of royalties payable to others.
(2) Net reserves include gross reserves after royalties payable to others plus royalty interest reserves.

ESTIMATED COMPANY SHARE OF NET PRESENT VALUES
AS OF JANUARY 31, 2005
$1000 (1) (2) (3)

	Net Present Value Discounted At				
	0%	5%	10%	15%	20%
Before Income Taxes					
Proved Developed Producing Reserves	5,997	5,292	4,742	4,302	3,944
Total Proved Reserves	**5,997**	**5,292**	**4,742**	**4,302**	**3,944**
Probable Additional Reserves	6,061	4,815	3,949	3,319	2,845
Total Proved + Probable Reserves	**12,058**	**10,107**	**8,690**	**7,621**	**6,789**
Possible Reserves	10,862	8,000	6,225	5,046	4,217
Total Proved + Probable + Possible Reserves	**22,920**	**18,107**	**14,915**	**12,667**	**11,006**
After Income Taxes					
Proved Developed Producing Reserves	5,997	5,292	4,742	4,302	3,944
Total Proved Reserves	**5,997**	**5,292**	**4,742**	**4,302**	**3,944**
Probable Additional Reserves	6,061	4,815	3,949	3,319	2,845
Total Proved + Probable Reserves	**12,058**	**10,107**	**8,690**	**7,621**	**6,789**
Possible Reserves	8,620	6,534	5,220	4,330	3,691
Total Proved + Probable + Possible Reserves	**20,678**	**16,641**	**13,910**	**11,951**	**10,480**

(1) Based on forecast prices and costs at January 31, 2005 (see Price Schedules).
(2) Interest expenses, corporate overhead and certain other non-production related expense obligations of the North Block exploration contract were not included.
(3) The net present values may not necessarily represent the fair market value of the reserves.

The remaining reserves and net present values for the East Zhagabulak field are summarized in Table 1. A map showing the location of the North Block in Kazakhstan and a map showing the various fields within the block are presented in Figures 1 and 2 respectively. Tables summarizing the reserves, production and revenues for each of the various reserve classes are presented in Tables 2 to 4. A graphical presentation of the historical production and future production forecasts are presented in Figures 4 and 5. An overview of the

property and a discussion of discussion of the methodology for estimating the reserves and revenue forecasts are presented in the Property Discussion of this report.

In preparing this report, we relied upon certain factual information including ownership and fiscal terms, well data, production data, historical revenues, historical operating costs, and other relevant data supplied by Caspian Energy. The supplied information was only relied upon where in our opinion it appeared reasonable and consistent with our knowledge of the properties however no independent verification of the information was made. We have also relied upon representations made by Caspian Energy as to the completeness and accuracy of the data provided.

This report was prepared by McDaniel & Associates Consultants Ltd. for the exclusive use of Caspian Energy Inc. and is not to be reproduced, distributed or made available, in whole or in part, to any person, company or organization other than Caspian Energy Inc. without the knowledge and consent of McDaniel & Associates Consultants Ltd. We reserve the right to revise any estimates provided herein if any relevant data existing prior to preparation of this report was not made available, if any data between the effective date of the evaluation and the date of this report were to vary significantly from that forecast, or if any data provided was found to be erroneous.

Sincerely,

McDANIEL & ASSOCIATES CONSULTANTS LTD.

"signed by B. H. Emslie"

B. H. Emslie, P. Eng.

"signed by A. Tchernavskikh"

A. Tchernavskikh, P. Geol.

BHE/AT:smh
[05-305]

PERMIT TO PRACTICE
McDANIEL & ASSOCIATES CONSULTANTS LTD.

Signature "signed by P. A. Welch"

Date Thursday, April 28, 2005

PERMIT NUMBER: P 3145

The Association of Professional Engineers, Geologists and Geophysicists of Alberta

CERTIFICATE OF QUALIFICATION

I, Bryan Howard Emslie, Petroleum Engineer of 2200, 255 - 5th Avenue S.W., Calgary, Alberta, Canada hereby certify:

1. That I am a Senior Vice President of McDaniel & Associates Consultants Ltd. which Company did prepare, at the request of Caspian Energy Inc., the report entitled "Caspian Energy Inc., Evaluation of Crude Oil Reserves, East Zhagabulak Field, Kazakhstan, Based on Forecast Prices and Costs, As of January 31, 2005", dated April 28, 2005; and that I was involved in the preparation of this report.

2. That I attended the University of Alberta in the years 1973 to 1980 and that I graduated with Bachelor of Science Degree in Mechanical Engineering, that I am a registered Professional Engineer of the Association of Professional Engineers, Geologists & Geophysicists of Alberta and that I have in excess of twenty years experience in oil and gas reservoir studies and evaluations.

3. That McDaniel & Associates Consultants Ltd., its officers or employees, have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in any properties or securities of Caspian Energy Inc., any associate or affiliate thereof.

4. That the aforementioned report was not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the extent and accuracy of the information available on the properties in question.

"signed by B. H. Emslie"

_____

B. H. Emslie, P. Eng.

Calgary, Alberta
Dated: April 28, 2005

CERTIFICATE OF QUALIFICATION

I, Anatoli V. Tchernavskikh, Petroleum Geologist, of 2200, 255 - 5th Avenue, S.W., Calgary, Alberta, Canada hereby certify:

1. That I am a Senior Geologist of McDaniel & Associates Consultants Ltd. which Company did prepare, at the request of Caspian Energy Inc., the report entitled "Caspian Energy Inc., Evaluation of Crude Oil Reserves, East Zhagabulak Field, Kazakhstan, Based on Forecast Prices and Costs, As of January 31, 2005", dated April 28, 2005; that I was involved in the preparation of this report.

2. That I attended Moscow State University (Russia) in the years 1984 to 1991, graduating with a Honorary Master of Science degree in Geology; that I am a registered Professional Geologist of The Association of Professional Engineers, Geologists & Geophysicists of Alberta and that I have in excess of nine years experience in oil and gas reservoir studies and evaluations.

3. That McDaniel & Associates Consultants Ltd., its officers or employees, have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in any properties or securities of Caspian Energy Inc., any associate or affiliate thereof.

4. That the aforementioned report was not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the extent and accuracy of the information available on the properties in question.

"signed by A. V. Tchernavskikh"

_____

A. V. Tchernavskikh, P. Geol.

Calgary, Alberta
Dated: April 28, 2005

CASPIAN ENERGY INC.

Evaluation of Crude Oil Reserves
East Zhagabulak Field - Kazakhstan
As of January 31, 2005

Property Discussion

INTRODUCTION

Crude oil reserves estimates and the associated net present values were evaluated in this report for the interests of Caspian Energy in the East Zhagabulak field of Western Kazakhstan. The reserves were estimated at January 31, 2005 and the revenue forecasts and net present value estimates were calculated using forecast prices and costs using our opinion of future crude oil prices at January 1, 2005 and were presented in United States dollars. The reserves estimates presented herein were estimated as of the effective date and based on information available to that time. The reserves estimates and future net revenue forecasts have been prepared in accordance with standards set out in the Canadian National Instrument NI 51-101 and the Canadian Oil and Gas Evaluation Handbook (COGEH).

An overview of the property and a discussion of the methodology employed in arriving at the reserves and net present value estimates is presented below.

PROPERTY OVERVIEW

Caspian Energy Inc. (Caspian) has acquired 50 percent of Joint Stock Company Aral Petroleum Capital Joint Venture ("Aral"). Aral holds all rights, title and interest in an Exploration Contract covering the North Block of Western Kazakhstan. Aral holds all rights, title and interest in an Exploration Contract covering the North Block of Western Kazakhstan. In addition to its 50 percent interest in Aral, Caspian has acquired a temporary 100 percent beneficial interest in the one producing oil well in the East Zhagabulak field named EZ-213 which will continue until the value of Caspian's 50 percent interest in the proved developed reserves for the balance of the North Block is at least Cdn $3,000,000 (calculated as the net present value of future cash flows before income taxes, prepared on a constant dollar basis, and discounted at 20 percent). Accordingly, under the development scenario considered in this evaluation, Caspian will receive 100 percent of the revenue from the production from the EZ-213 well.

The North Block of Western Kazakhstan covers an area of approximately 2,400 square kilometers. The East Zhagabulak field is located within the North Block approximately

200 kilometers south of the city of Aktobe in the Aktyubinsk Oblast as shown in Figure 1. There are several producing and non-producing oil fields that are located within the boundary of the block that are not covered by the North Block Exploration Contract as shown in Figure 2.

Exploration within the area covered by the block was conducted during the 1982 to 1994 period and was successful in discovering several large oil and gas fields including Alibekmola, Zhanazhol and Kenkiyak. There was a limited amount of exploration during Soviet times on the lands currently covered by the North Block and C3 reserves were assigned to a number of structures. The Russian C3 reserves classification generally ranges from possible reserves to resources under the western reserves classification systems. C1 reserves were assigned to only a small area in the East Zhagabulak field. C1 reserves generally range from proved to probable reserves in western reserves classification systems. The East Zhagabulak field contains the producing EZ-213 well as well as one other abandoned older Soviet well at EZ-211.

Aral signed the Exploration Contract for the North Block on December 28, 2002. The Contract has a three year term with provisions for up to two, two year extensions. Aral re-entered one of the older exploration wells, EZ-213, and re-perforated and tested the well. The well was put on production in February of 2004 and was producing at a rate of approximately 400 barrels of light crude oil per day in early 2005. Negligible water is being produced and the gas oil ratios are low and stable. A rate versus time and rate versus cumulative production history and forecast plot is presented in Figures 4 and 5.

Caspian Energy intends to further develop the East Zhagabulak field as well as to conduct exploration activities on other structures throughout the block. At this time, crude oil reserves can only be assigned to the one producing well since the data available for the other wells within the contract is either not available or does not support a reserves assignment. This report therefore only includes the reserves that are expected to be produced from the EZ-213 well.

SOURCE AND QUALITY OF DATA

Essentially all of the basic information employed in the preparation of this report was obtained from Aral's files. One evaluation engineer and one geologist from McDaniel & Associates traveled to Aral's offices in Almaty, Kazakhstan from May 3 to 5, 2004 to collect all available data and discuss geological interpretations with Aral staff.

The data available for the evaluation consisted of digital and hardcopy well logs for the EZ-213 well and hardcopy well logs for two other nearby wells. A well file for EZ-213 was provided which included core analyses, paleontology data and DST test results. 2D seismic sections were provided for most of the lines covering the East Zhagabulak field. Production data on a daily

basis was provided to February 2005 and financial operating statements were provided from the start of production to January 31, 2005.

It should be noted that McDaniel & Associates has prepared reserves evaluations of other analogous oil fields in the area and is therefore familiar with the geological and reservoir engineering characteristics of the area and the local oil and gas operating practices.

The data provided for the evaluation of the East Zhagabulak was considered to be of average Soviet quality for this type of property and in our opinion, sufficient to provide confident estimates of the reserves and revenue forecasts for the EZ-213 well.

GEOLOGY

Regional Geology

The East Zhagabulak field is located in the Pre-Caspian sedimentary basin, which is a world-class hydrocarbon province, located on the southeastern margin of the Russian Platform. This basin covers an area of some 200,000 square miles and extends south into the northernmost part of the Caspian Sea.

The Pre-Caspian Basin is a pericratonic depression that formed during Late Proterozoic-Early Paleozoic time. It is bounded on the east by the Mugodzhary Mountains and to the southeast and south by other orogenic belts. In the north, the basin is separated by the Voronezh Massif in the west and by the Volga-Urals Platform high in the north.

The Basin is characterized by a series of down-to-the-basin sub parallel faults along the margin of the basin. This resulted in the formation of a series of grabens, half grabens and prominent ridges.

Deposition within the basin is divided into three mega sequences: sub-salt, salt-bearing and supra-salt. The sub-salt deposition is characterized by thick marine carbonates and clastic rocks of Middle and Upper Devonian, Carboniferous and Lower Permian age. These carbonates were deposited as thick porous build-ups on the margin of the basin and central ridges, forming excellent hydrocarbon reservoirs. During this time, thick organic rich clastics and carbonates were deposited within majority of basin areas, forming excellent hydrocarbon source rocks.

In Middle Permian time the basin conditions became more restrictive resulting in the deposition of a thick layer of Permian Kungurian salt-bearing sediments over the entire basin. The salt formed a basin wide hydrocarbon seal for the Paleozoic reservoir. In addition, the low heat conductivity of the salt resulted in a faster oil generation process in the pre-salt sediments.

Hydrocarbons generated in the Paleozoic source rocks migrated into the sub-salt carbonate reservoirs and above salt Mesozoic rocks along the basin margin.

The Pre-Caspian Basin is one of the richest hydrocarbon basins in the world. The Basin contains several super-giant sub-salt fields, Tengiz (6 to 9 billion barrels of recoverable oil reserves), Karachaganak (47 trillion cubic feet of natural gas, 4.7 billion barrels of gas condensate and 1.4 billion barrels of oil) and Astrakhan (located in the Russian area of the Basin). In addition there are a number of smaller sub-salt fields in the basin. The depth to reservoir in these fields varies from 6,000 to 17,000 feet.

The supra-salt deposition was composed primarily of terriginous clastic sediments of Upper Permian, Triassic, Jurassic and Cretaceous age. The deposition and hydrocarbon trapping of the post-salt sequence was dominated by complex salt tectonics. There are a number of different types of structural and stratigraphic trap plays including, sediment drape along the flanks of salt domes, crestal highs over underlying salt domes and structural and stratigraphic traps under overhanging salt pillows.

Geology of the East Zhagabulak Field

The East Zhagabulak field is located in the north-eastern area of the Pre-Caspian Basin within the Zhanazhol tectonic step. The depositional sequence underlying the East Zhagabulak field consists of sub salt Paleozoic carbonates and clastic rocks, Permian salty clastic rocks overlain by Triassic, Jurassic and Cretaceous clastic sediments, and capped by thin Paleocene and younger deposits. No basement rocks have been penetrated in the field.

The oldest sedimentary rocks in the field are of the Viesean age of the Lower Carboniferous. The Middle Carboniferous contains the proven productive zones referred to as the KT-2-1 and KT-2-2 zones which belong to Moscovian and Bashkirian stages of the Middle Carboniferous (Pennsylvanian) and consist of organic limestone, dolomite and shale.

The East Zhagabulak field is interpreted to be a low amplitude north-south trending anticline structure located on the west side of the Alibekmola high approximately 3 to 5 kilometers east of the Alibekmola field. There is a major regional fault separating the Alibekmola high to the east and East Zhagabulak structural area.

The East Zhagabulak structure appears to be higher and wider in the south part of the field than it is in the north. The south edge of the structure does not appear to be closed. Previous studies did not interpret East Zhagabulak as an anticlinal structure but rather interpreted the trap to be lithological formed by facies changes. A lithological trap, or a structural barrier, must therefore exist in the south part of the field to form a trap for hydrocarbons.

There are no faults mapped in the area due to poor quality of the seismic however drilling result for the EZ-211 well suggests that the well penetrated a highly fracture zone, likely associated with a fault, in the last 50 meters before reaching the total depth. Lost circulation problems required the well to be abandoned before reaching the target depth. Modern seismic will need to be run over the field to clarify presence of faults in this area.

The East Zhagabulak field area was by covered by several vintages of 2D seismic run from the 1970's to the 1990's. The quality of the data is generally poor to fair due to the older technology which has difficulty in accurately imaging reservoirs below the overlying Permian salt which has significant variations in thickness over the area. Different parameters using in processing the various vintages of seismic make it very difficult to integrate the different seismic programs over the area.

Stratigraphy and Petrophysical Parameters

There are two oil-bearing zones in the East Zhagabulak field identified as the Carboniferous KT-2-1 and KT-2-2. Each of the productive zones is described in more detail below.

Carboniferous KT-2-2 Zone

The KT-2-2 zone is part of the Cheremshanski formation of Carboniferous age. Only the EZ-213 well was interpreted to have oil pay in this zone. The well EZ-211 well penetrated only top of the zone and was abandoned due to instable well bore conditions during drilling. Well 214 in the Alibek South field to the south east penetrated only tight rocks in the KT-2-2 interval.

The KT-2-2 formation consists of algal, foraminiferal and biomorphous limestone deposited as a massive carbonate bank in a shallow marine or restricted lagoon environment. The oil-bearing interval contains clean limestone interbedded with shale and rarely dolomite intervals. The net to gross ratio above the oil-water contact is approximately 47 percent. The zone consists of a large number of permeable intervals, 3 to 25 feet thick, which are separated by tight carbonate stringers.

The trapping mechanism is interpreted to be a combination of a structural dome closure, plus facies changes (tight zones). The oil water contact was estimated to be at a depth of –14,658 ft SS (-4,469 m) based on test data and log interpretation of the well EZ-213.

The net oil pay thickness was estimated to be 263 feet. The average porosity of the KT-2-2 zone was estimated to be 7.9 percent and the average water saturation

22.5 percent. The net pay and average porosity were based on a 6 percent neutron porosity cutoff similar to Alibekmola field.

Carboniferous KT-2-1 Zone

The KT-2-1 zone comprises the Kashirski and Vereyski formations of Carboniferous age. The KT-2-1 is separated from the underlying KT-2-2 zone by a tight and shaley carbonate interval approximately 100 feet thick.

The KT-2-1 zone consists of a clean limestone with minor dolomite and shale layers and the reservoir rocks consist of algal, foraminiferal and biomorphous limestone with primary and secondary porosity. The EZ-211 well encountered 191 feet of net pay but tested only 25 m3/day during production testing. This well was reported to be abandoned and not suitable for re-entry due to the poor condition of the casing. The KT-2-1 zone in the EZ-213 and EZ-214 wells was tight thus no oil reserves for the KT-2-1 zone were assigned in this report.

Estimates of the Original Oil In Place

A structure map for the seismic horizon P-2 (located in the upper part of the KT-2) was used to identify potential pool outlines (see Figure 3). The East Zhagabulak structure is a much flatter and smaller structure than in the nearby Alibekmola and Zhanazhol fields. The maximum closure of the structure is estimated to be about 170 meters.

Potential oil pool locations were determined using two criteria. The first was based on structural position and second was based on “seismic anomalies”, determined by local geophysicists. The “seismic anomalies” are areas with poor reflections inside the KT-2 zone. The nature of this anomaly is unknown, but using the surrounding fields as analogies, local geophysicists associate these zones with permeable or fracture intervals inside the carbonates. Three potential pools were determined using this approach in addition to existing pool in the area around well EZ-213 as shown in Figure 3.

Crude oil reserves were only assigned to the KT-2-2 zone in the area around the EZ-213 well. This pool was estimated to cover an area of approximately 1,800 acres although reserves were only assigned to an area of 250 acres (based on a drainage area of 1,000 meters by 1,000 meters) in this report. The original oil in place using an area of 250 acres and the petrophysical parameters described above was estimated to be approximately 18.6 Mmbbls.

CRUDE OIL RESERVES ESTIMATES

Crude oil reserves estimates were prepared in this report for only the EZ-213 well. Although it is expected that other wells will likely be drilled on the structure, the amount of geophysical and geological data is limited and further 2D or 3D seismic is needed to better define the structure prior to doing so. Consequently, the assignment of reserves to future drilling locations in our opinion is pre-mature at this point in time so the evaluation was restricted to the reserves that are expected to be produced from the EZ-213 well.

The proved producing reserves were based on a production rate decline analysis. Production rate versus time and rate versus cumulative production history plots are presented in Figures 4 and 5. Production rates appear to be following a fairly consistent hyperbolic decline since the start of production in February 2004. Similar reservoirs in the area do not have an active water drive and the fluid testing data for this pool indicates it to be undersaturated. Future production will therefore be under solution gas drive conditions.

The drilling of the EZ-213 well lasted for approximately 19 months so like many Soviet exploration wells; it likely suffered significant formation damage. Production potential is likely much higher than the rates currently exhibited but achieving higher rates would require an acid stimulation. The proved plus probable reserves were based on an acid stimulation at the end of 2005 with the production rates increasing to 600 bopd followed by an immediate decline. The proved plus probable plus possible reserves were based on a slightly higher production rate improvement following the acid stimulation then a shallower decline.

The proved, probable and possible reserves estimated for the EZ-213 well are summarized in Table 5. A summary of various reservoir and fluid characteristics is presented in Table 6. Volumetric estimates of the oil in place were difficult to assess due to the lack of nearby well data so the original oil in place estimate was based on the net pay for the well and a 1,000 by 1,000 meter drainage area. The resulting recovery factors range from 5.3 to 10.8 percent for the three reserves categories.

RESERVES CLASSIFICATION

The crude oil and natural gas reserves estimates presented in this report were based on the Canadian reserves definitions and guidelines prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society) as presented in the COGE Handbook. A summary of those definitions is presented below.

Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

Reserves are classified according to the degree of certainty associated with the estimates

- **Proved reserves** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- **Probable reserves** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- **Possible reserves** are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Other criteria that must also be met for the categorization of reserves are provided in the COGE Handbook.

Development and Production Status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

- **Developed reserves** are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
- **Developed producing reserves** are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

- **Developed non-producing reserves** are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.
- **Undeveloped reserves** are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Levels of Certainty for Reported Reserves

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves; and
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in the COGE Handbook.

REVENUE FORECASTS

The net present values of the crude oil reserves were based on future production and revenue analyses. All of the revenues and costs presented in this report were presented in US dollars and include an allowance for Kazakhstan taxes. A summary of the economic parameters and fiscal terms are presented in Table 7. It should be noted that the exploration contract specifies certain

work obligations totaling $20.8 million plus certain payments to social funds totaling about $2.4 million which were not included in this evaluation.

The gross share of future crude oil revenue was derived by employing the future production forecast for each reserves category and the current McDaniel & Associates forecast of future crude oil prices. Crude oil production is currently purchased at the wellhead. Future prices were based on McDaniel & Associates opinions of future export and domestic prices in the area. A summary of the field price forecasts is presented in Table 8.

The royalty terms for the East Zhagabulak field consist of a 10 percent royalty during the exploration term to the end of 2005 followed by a 3 percent royalty.

The operating costs were based on the actual operating costs during the first year of operation. This cost was assumed to continue in the future and was reduced by 10 percent per year in each of the last three years of each forecast. Head office overhead costs for the Almaty office were not included in this evaluation since much of those activities related to future exploration activities.

Capital cost forecasts were only included for a well stimulation in the proved plus probable and proved plus probable plus possible reserves case. Abandonment costs were included at the end of the production forecast based on $50,000 per well.

The field net revenues are subject to a variety of taxes. A summary of those taxes and applicable tax pools are presented in Table 8.

The revenue forecasts and net present value estimates for the probable reserves were calculated by subtracting the proved producing forecasts from the total proved plus probable forecasts. The revenue forecasts and net present value estimates for the possible reserves were calculated by subtracting the total proved plus probable forecasts from the proved plus probable plus possible forecasts.

A summary of the reserve and net present value estimates were presented in Table 1 on a before and after tax basis and detailed revenue forecasts for the proved producing, proved plus probable and the proved plus probable plus possible reserves in Tables 2, 3 and 4 respectively.

Caspian Energy Ltd. - PRELIMINARY
East Zhagabulak Field - Kazakhstan
Summary of Reserves and Net Present Values
Forecast Price Case as of January 31, 2005

Summary of Remaining Reserves (1)

	Crude Oil Reserves - Bbls			Crude Oil Reserves - Tonnes		
	Property Gross	Caspian Gross	Caspian Net	Property Gross	Caspian Gross	Caspian Net
Reserve Category	Mbbl	Mbbl	Mbbl	MT	MT	MT
Proved Producing Reserves	835	835	801	109	109	105
Proved Undeveloped Reserves	-	-	-	-	-	-
Total Proved Reserves	835	835	801	109	109	105
Probable Reserves	586	586	568	77	77	74
Proved Plus Probable Reserves	1,421	1,421	1,369	186	186	179
Possible Reserves	946	946	918	124	124	120
Proved Plus Probable Plus Possible Reserves	2,367	2,367	2,287	310	310	299

Summary of Caspian Net Present Values Before Income Taxes

	$M US Dollars				
Reserve Category	0.0%	5.0%	10.0%	15.0%	20.0%
Proved Producing Reserves	5,997	5,292	4,742	4,302	3,944
Proved Undeveloped Reserves	-	-	-	-	-
Total Proved Reserves	5,997	5,292	4,742	4,302	3,944
Probable Reserves	6,061	4,815	3,949	3,319	2,845
Proved Plus Probable Reserves	12,058	10,107	8,690	7,621	6,789
Possible Reserves	10,862	8,000	6,225	5,046	4,217
Proved Plus Probable Plus Possible Reserves	22,920	18,107	14,915	12,667	11,006

Summary of Caspian Net Present Values After Income Taxes

	$M US Dollars				
Reserve Category	0.0%	5.0%	10.0%	15.0%	20.0%
Proved Producing Reserves	5,997	5,292	4,742	4,302	3,944
Proved Undeveloped Reserves	-	-	-	-	-
Total Proved Reserves	5,997	5,292	4,742	4,302	3,944
Probable Reserves	6,061	4,815	3,949	3,319	2,845
Proved Plus Probable Reserves	12,058	10,107	8,690	7,621	6,789
Possible Reserves	8,620	6,534	5,220	4,330	3,691
Proved Plus Probable Plus Possible Reserves	20,678	16,641	13,910	11,951	10,480

(1) Gross reserves are before deducting royalties.
Net reserves are after deducting royalties.

Conversion from Tonnes to Barrels 7.637

Caspian Energy Ltd. - PRELIMINARY
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Proved Producing Reserves
Forecast Price Case as of January 31, 2005

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil Daily Rate Bopd	Crude Oil Annual Volume Mbbl	Crude Oil Annual Volume MT	Crude Oil Crude Oil Price US$/bbl	Total Sales Revenue US$M
2005	1	375	125	16	18.16	2,277
2006	1	318	116	15	17.37	2,019
2007	1	271	99	13	17.02	1,685
2008	1	234	85	11	16.78	1,431
2009	1	203	74	10	16.54	1,228
2010	1	179	65	9	16.52	1,078
2011	1	158	58	8	16.73	966
2012	1	141	52	7	16.93	872
2013	1	127	46	6	17.25	797
2014	1	114	42	5	17.57	733
2015	1	104	38	5	17.93	678
2016	1	94	34	5	18.31	630
2017	-	-	-	-	18.69	-
2018	-	-	-	-	19.07	-
2019	-	-	-	-	19.47	-
Rem.			-	-	-	-
Total			835	109		14,395

Property Gross Share of Royalties, Expenses and Net Revenues Before Income Tax

Year	State Royalties US$M	State Royalties %	Operating Costs US$M	Operating Costs US$/bbl	Aband. Costs US$M	Capital Costs US$M	Net Cash Flow B. Tax US$M
2005	228	10.0	564	4.49	-	-	1,486
2006	61	3.0	627	5.40	-	-	1,331
2007	51	3.0	640	6.46	-	-	994
2008	43	3.0	653	7.65	-	-	736
2009	37	3.0	666	8.96	-	-	526
2010	32	3.0	679	10.41	-	-	367
2011	29	3.0	693	11.99	-	-	245
2012	26	3.0	706	13.72	-	-	139
2013	24	3.0	721	15.59	-	-	53
2014	22	3.0	661	15.87	-	-	49
2015	20	3.0	600	15.86	-	-	58
2016	19	3.0	535	15.54	62	-	14
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
Rem.	-	-	-	-	-	-	-
Total	591	4.1	7,744	9.28	62	-	5,997

Caspian Share of Production and Revenues Before and After Tax

Year	Gross Annual Oil Production Mbbl	Net Annual Oil Production Mbbl	Net Cash Flow B. Tax US$M	Cum Rev. B.T. US$M	NPV B.T. at 10.0% US$M	Corporate Tax US$M	Excess Profits Tax US$M	Net Cash Flow A.T. US$M	Cum Rev. A.T. US$M	NPV A.T. at 10.0% US$M
2005	125	113	1,486	1,486	1,422	-	-	1,486	1,486	1,422
2006	116	113	1,331	2,817	1,163	-	-	1,331	2,817	1,163
2007	99	96	994	3,811	790	-	-	994	3,811	790
2008	85	83	736	4,547	531	-	-	736	4,547	531
2009	74	72	526	5,073	345	-	-	526	5,073	345
2010	65	63	367	5,439	219	-	-	367	5,439	219
2011	58	56	245	5,684	133	-	-	245	5,684	133
2012	52	50	139	5,824	69	-	-	139	5,824	69
2013	46	45	53	5,876	24	-	-	53	5,876	24
2014	42	40	49	5,925	20	-	-	49	5,925	20
2015	38	37	58	5,983	21	-	-	58	5,983	21
2016	34	33	14	5,997	5	-	-	14	5,997	5
2017	-	-	-	5,997	-	-	-	-	5,997	-
2018	-	-	-	5,997	-	-	-	-	5,997	-
2019	-	-	-	5,997	-	-	-	-	5,997	-
Rem.	-	-	-	5,997	-	-	-	-	5,997	-
Total	835	801	5,997		4,742	-	-	5,997		4,742

Caspian Energy Ltd. - PRELIMINARY
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Total Proved + Probable Reserves
Forecast Price Case as of January 31, 2005

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil Daily Rate Bopd	Crude Oil Annual Volume Mbbl	Crude Oil Annual Volume MT	Crude Oil Crude Oil Price US$/bbl	Total Sales Revenue US$M
2005	1	378	127	17	18.16	2,297
2006	1	532	194	25	17.37	3,376
2007	1	431	157	21	17.02	2,678
2008	1	359	131	17	16.78	2,201
2009	1	306	112	15	16.54	1,849
2010	1	265	97	13	16.52	1,601
2011	1	233	85	11	16.73	1,424
2012	1	207	76	10	16.93	1,281
2013	1	186	68	9	17.25	1,172
2014	1	168	61	8	17.57	1,080
2015	1	153	56	7	17.93	1,004
2016	1	141	51	7	18.31	940
2017	1	130	47	6	18.69	884
2018	1	120	44	6	19.07	835
2019	1	112	41	5	19.47	793
Rem.			74	10	20.07	1,477
Total			1,421	186		24,891

Property Gross Share of Royalties, Expenses and Net Revenues Before Income Tax

Year	State Royalties US$M	State Royalties %	Operating Costs US$M	Operating Costs US$/bbl	Aband. Costs US$M	Capital Costs US$M	Net Cash Flow B. Tax US$M
2005	230	10.0	564	4.46	-	100	1,404
2006	101	3.0	627	3.23	-	-	2,647
2007	80	3.0	640	4.07	-	-	1,958
2008	66	3.0	653	4.98	-	-	1,482
2009	55	3.0	666	5.96	-	-	1,128
2010	48	3.0	679	7.01	-	-	874
2011	43	3.0	693	8.14	-	-	689
2012	38	3.0	706	9.33	-	-	536
2013	35	3.0	721	10.61	-	-	416
2014	32	3.0	735	11.96	-	-	312
2015	30	3.0	750	13.39	-	-	224
2016	28	3.0	765	14.90	-	-	147
2017	27	3.0	780	16.49	-	-	77
2018	25	3.0	796	18.16	-	-	15
2019	24	3.0	730	17.93	-	-	39
Rem.	44	3.0	1,253	17.02	69	-	111
Total	908	3.6	11,756	8.27	69	100	12,058

Caspian Share of Production and Revenues Before and After Tax

Year	Gross Annual Oil Production Mbbl	Net Annual Oil Production Mbbl	Net Cash Flow B. Tax US$M	Cum Rev. B.T. US$M	NPV B.T. at 10.0% US$M	Corporate Tax US$M	Excess Profits Tax US$M	Net Cash Flow A.T. US$M	Cum Rev. A.T. US$M	NPV A.T. at 10.0% US$M
2005	127	114	1,404	1,404	1,344	-	-	1,404	1,404	1,344
2006	194	189	2,647	4,051	2,313	-	-	2,647	4,051	2,313
2007	157	153	1,958	6,009	1,555	-	-	1,958	6,009	1,555
2008	131	127	1,482	7,491	1,070	-	-	1,482	7,491	1,070
2009	112	108	1,128	8,619	740	-	-	1,128	8,619	740
2010	97	94	874	9,492	521	-	-	874	9,492	521
2011	85	83	689	10,181	374	-	-	689	10,181	374
2012	76	73	536	10,717	265	-	-	536	10,717	265
2013	68	66	416	11,133	186	-	-	416	11,133	186
2014	61	60	312	11,446	127	-	-	312	11,446	127
2015	56	54	224	11,670	83	-	-	224	11,670	83
2016	51	50	147	11,817	49	-	-	147	11,817	49
2017	47	46	77	11,894	24	-	-	77	11,894	24
2018	44	42	15	11,909	4	-	-	15	11,909	4
2019	41	40	39	11,947	10	-	-	39	11,947	10
Rem.	74	71	111	12,058	25	-	-	111	12,058	25
Total	1,421	1,369	12,058		8,690	-	-	12,058		8,690

Caspian Energy Ltd. - PRELIMINARY
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Total Proved + Probable + Possible Reserves
Forecast Price Case as of January 31, 2005

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil Daily Rate Bopd	Crude Oil Annual Volume Mbbl	Crude Oil Annual Volume MT	Crude Oil Crude Oil Price US$/bbl	Total Sales Revenue US$M
2005	1	378	127	17	18.16	2,297
2006	1	799	292	38	17.37	5,063
2007	1	647	236	31	17.02	4,017
2008	1	539	197	26	16.78	3,301
2009	1	459	168	22	16.54	2,773
2010	1	398	145	19	16.52	2,401
2011	1	350	128	17	16.73	2,136
2012	1	311	114	15	16.93	1,922
2013	1	279	102	13	17.25	1,757
2014	1	253	92	12	17.57	1,620
2015	1	230	84	11	17.93	1,506
2016	1	211	77	10	18.31	1,409
2017	1	194	71	9	18.69	1,326
2018	1	180	66	9	19.07	1,253
2019	1	167	61	8	19.47	1,189
Rem.			409	54	20.91	8,558
Total			2,367	310		42,530

Property Gross Share of Royalties, Expenses and Net Revenues Before Income Tax

Year	State Royalties US$M	State Royalties %	Operating Costs US$M	Operating Costs US$/bbl	Aband. Costs US$M	Capital Costs US$M	Net Cash Flow B. Tax US$M
2005	230	10.0	564	4.46	-	100	1,404
2006	152	3.0	627	2.15	-	-	4,284
2007	121	3.0	640	2.71	-	-	3,257
2008	99	3.0	653	3.32	-	-	2,550
2009	83	3.0	666	3.97	-	-	2,024
2010	72	3.0	679	4.67	-	-	1,650
2011	64	3.0	693	5.42	-	-	1,379
2012	58	3.0	706	6.22	-	-	1,158
2013	53	3.0	721	7.07	-	-	984
2014	49	3.0	735	7.97	-	-	836
2015	45	3.0	750	8.93	-	-	711
2016	42	3.0	765	9.93	-	-	602
2017	40	3.0	780	10.99	-	-	506
2018	38	3.0	796	12.11	-	-	420
2019	36	3.0	811	13.28	-	-	342
Rem.	257	3.0	7,415	18.12	74	-	812
Total	1,437	3.4	17,999	7.60	74	100	22,920

Caspian Share of Production and Revenues Before and After Tax

Year	Gross Annual Oil Production Mbbl	Net Annual Oil Production Mbbl	Net Cash Flow B. Tax US$M	Cum Rev. B.T. US$M	NPV B.T. at 10.0% US$M	Corporate Tax US$M	Excess Profits Tax US$M	Net Cash Flow A.T. US$M	Cum Rev. A.T. US$M	NPV A.T. at 10.0% US$M
2005	127	114	1,404	1,404	1,344	-	-	1,404	1,404	1,344
2006	292	283	4,284	5,688	3,743	-	5	4,279	5,683	3,739
2007	236	229	3,257	8,945	2,587	-	3	3,254	8,937	2,585
2008	197	191	2,550	11,495	1,841	62	8	2,480	11,417	1,790
2009	168	163	2,024	13,519	1,329	211	12	1,801	13,218	1,182
2010	145	141	1,650	15,169	985	198	34	1,418	14,636	846
2011	128	124	1,379	16,548	748	191	43	1,145	15,782	621
2012	114	110	1,158	17,706	571	180	47	931	16,713	459
2013	102	99	984	18,690	441	169	47	768	17,481	344
2014	92	89	836	19,526	341	156	44	636	18,117	259
2015	84	81	711	20,237	264	142	38	531	18,648	197
2016	77	75	602	20,840	203	127	30	445	19,093	150
2017	71	69	506	21,346	155	112	21	373	19,466	114
2018	66	64	420	21,766	117	96	6	318	19,784	89
2019	61	59	342	22,108	87	80	0	262	20,046	66
Rem.	409	397	812	22,920	160	180	-	632	20,678	124
Total	2,367	2,287	22,920		14,915	1,905	337	20,678		13,910

Caspian Energy Ltd. - PRELIMINARY
East Zhagabulak Field - Kazakhstan
Crude Oil Reserves Summary
Effective January 31, 2005

Table 5

Reservoir Parameters	
Porosity, %	7.9
Oil Saturation, %	77.5
Formation Volume Factor, frac.	1.680
Oil Shrinkage, frac	0.595
Original Oil-In Place, bbl/ac-ft	283
Area, acres	250
Average Net Pay, ft.	263
Rock Volume, Acre-Ft	65,750
Original Oil in Place, Mbbl	18,589
Proved Developed Producing Reserves	
Original Oil in Place, Mbbl	18,589
Recovery Factor, %	5.3
Original Recoverable, Mbbl	978
Cumulative Recovery, Mbbl	143
Cumulative Recovery, %	0.8
Remaining Recoverable, Mbbl	835
Proved Undeveloped Reserves, Mbbl	
Total Proved Reserves	
Original Oil in Place, Mbbl	18,589
Recovery Factor, %	5.3
Original Recoverable, Mbbl	978
Cumulative Recovery, Mbbl	143
Remaining Recoverable, Mbbl	835
Probable Reserves, Mbbl	
Proved + Probable Reserves	
Original Oil in Place, Mbbl	18,589
Recovery Factor, %	8.4
Original Recoverable, Mbbl	1,564
Cumulative Recovery, Mbbl	143
Remaining Recoverable, Mbbl	1,421
Possible Reserves, Mbbl	
Proved + Probable + Possible Reserves	
OOIP Increase vs. Mapped Volume	1.25
Original Oil in Place, Mbbl	23,237
Recovery Factor, %	10.8
Original Recoverable, Mbbl	2,510
Cumulative Recovery, Mbbl	143
Remaining Recoverable, Mbbl	2,367

Caspian Energy Ltd. - PRELIMINARY
East Zhagabulak Field - Kazakhstan
Reservoir and Fluid Properties - Well EZ-213

Effective January 31, 2005

	KT-II
Imperial Units	
Lithology	Carbonate
Gross Oil Pay Thickness, ft	564
Net Oil Pay Thickness, ft	263
Net to Gross Pay Ratio, %	47
Oil Water Contact Depth, ft md.	15,335
Average Oil Permeability From Core, md	?
Range of Permeability, md	?
Initial Reservoir Pressure, atm	455
Initial Reservoir Pressure, psia	6,702
Bubble Point Pressure, atm	260
Bubble Point Pressure, psia	3,830
Reservoir Temperature, F	189
Stock Tank Oil Density, g/cc	0.824
Stock Tank Oil Gravity, degrees API	40.2
Oil Viscosity, cp	0.28
Solution GOR, scf/bbl (from PVT)	1,387
Oil Sulphur Content, %	0.77
Oil Paraffin Content, %	3.46
Oil Resin Content, %	10.00
Ashphaltenes	1.70
Solution Gas Sulfur Content, %	0.64
Mercaptains	Present

Above parameters apply to the area of the pool assigned reserves (see Figure 17)

	KT-II
SI Units	
Lithology	Carbonate
Gross Oil Pay Thickness, m	171
Net Oil Pay Thickness, m	80
Net to Gross Pay Ratio, %	47
Oil Water Contact Depth, m md.	4,674
Average Oil Permeability From Core, md	?
Range of Permeability, md	?
Initial Reservoir Pressure, atm	455
Initial Reservoir Pressure, kpa	46,103
Bubble Point Pressure, atm	260
Bubble Point Pressure, kpa	26,345
Reservoir Temperature, C	87
Stock Tank Oil Density, g/cc	0.824
Stock Tank Oil Gravity, degrees API	40.2
Oil Viscosity, cp	0.28
Solution GOR, m3/m3	248
Oil Sulphur Content, %	0.77
Oil Paraffin Content, %	3.46
Oil Resin Content, %	10.00
Ashphaltenes	1.70
Solution Gas Sulfur Content, %	0.64
Mercaptains	Present

Caspian Energy Ltd.
East Zhagabulak Field - Kazakhstan
Summary of Economic Parameters
January 31, 2005

PRICE SCHEDULE

McDaniel & Associates 2005/01 forecast prices

CRUDE OIL FORECASTS (2005$ - US)

See Table 8

OPERATING COSTS (2005$ - US)

Description	Amount	Source of Data
Fixed Operating	$615,000 / Year	Accounting Data

Operating costs include miscellaneous taxes but exclude Almaty general and administrative costs and interest costs.

CAPITAL COSTS (2005$ - US)

Year	Gross Amount	Description
Probable		
2005	$100,000	Acid Stimulate Well G-213

INTERESTS AND FISCAL TERMS (2005$ - US)

Caspian Working Interest	100 %
State Oil Royalty – Exploration Phase to Dec 2005	10.0 %
State Oil Royalty – Production Phase after Dec 2005	3.0 %
Capital Depreciation Rate – Exploration Costs	25 percent declining balance
Exploration Capital Cost Balance at May 31, 2004	$16.588 million
Capital Depreciation Rate – Development Costs	15 percent declining balance
Development Capital Cost Balance at May 31, 2004	$0.0 million
Miscellaneous Taxes (Included in Operating Costs)	3.5 percent of gross revenue (estimated average)
Profit Tax	30 percent of taxable income
Excess Profits Tax - Based on amount in excess of 20 percent of ratio of net income to deductions:	
Up to 5 percent	15 percent
From 5 to 15 percent	30 percent
From 15 to 30 percent	45 percent
More than 30 percent	60 percent
VAT	Not Included

Note – Additional payments are required under the terms of the exploration contract which have not been included in this evaluation since they relate to exploration activities.

WELL ABANDONMENT COSTS (2005$ - US)

Assumed $50,000 per well at the end of the life of property

McDaniel & Associates Consultants Ltd.

Table 8

Summary of Price Forecasts

January 1, 2005

Year	WTI Crude Oil Price $US/BBL	Brent Crude Oil Price $US/BBL	E Zhagabulak Field Price $US/BBL	Inflation Forecast %
2005	45.00	42.00	18.16	2.0
2006	40.50	37.50	17.37	2.0
2007	38.00	35.00	17.02	2.0
2008	36.00	33.00	16.78	2.0
2009	34.00	31.00	16.54	2.0
2010	33.00	30.00	16.52	2.0
2011	33.00	30.00	16.73	2.0
2012	33.00	30.00	16.93	2.0
2013	33.50	30.50	17.25	2.0
2014	34.00	31.00	17.57	2.0
2015	34.68	31.68	17.93	2.0
2016	35.37	32.37	18.31	2.0
2017	36.08	33.08	18.69	2.0
2018	36.80	33.80	19.07	2.0
2019	37.54	34.54	19.47	2.0
2020	38.29	35.29	19.87	2.0
2021	39.06	36.06	20.28	2.0
2022	39.84	36.84	20.70	2.0
2023	40.63	37.63	21.12	2.0
2024	40.63	37.63	21.38	2.0

Pricing Assumptions :

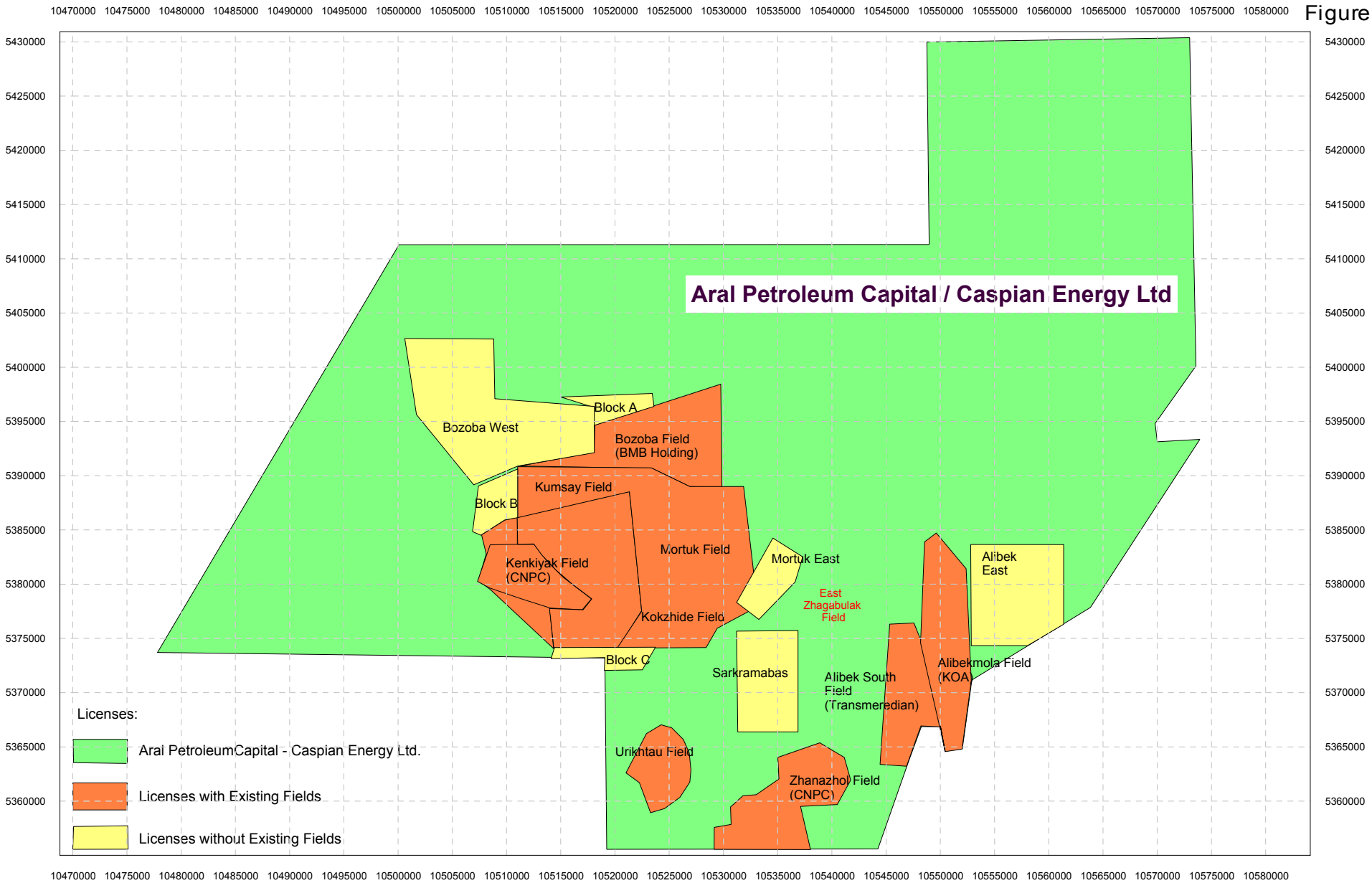
WTI and Brent price forecast based on the McDaniel & Associates January 1, 2005 price forecast

Figure 1

McDaniel & ASSOCIATES CONSULTANTS LTD.

Caspian Energy Ltd.
Kazakhstan
North Block Location Map

Figure 2



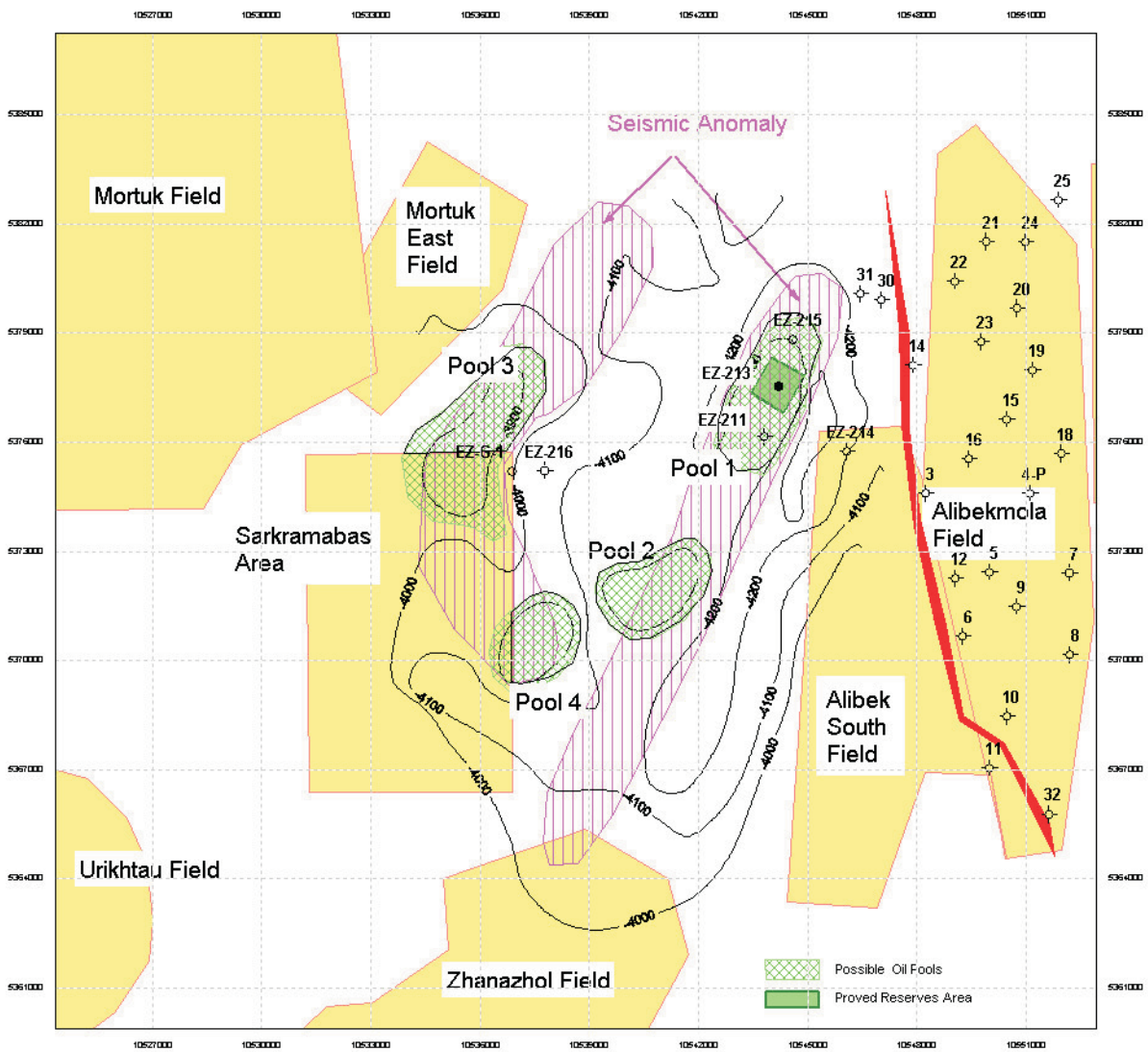
1:500000

5 0 5 10 15 km

McDaniel & ASSOCIATES CONSULTANTS LTD.

Caspian Energy Ltd.		
North Block Contract Area Kazakhstan		
Author: AT		Date: 25 June, 2004
	Scale:	

Figure 3



1:200000

2 0 2 4 6 km

McDaniel & ASSOCIATES CONSULTANTS LTD.

Caspian Energy Ltd.		
East Zhagabulak Field Structure Map Top of P2 Seismic Horizon		
Author: AT		Date: 7 May, 2004
	Scale:	

Figure 4

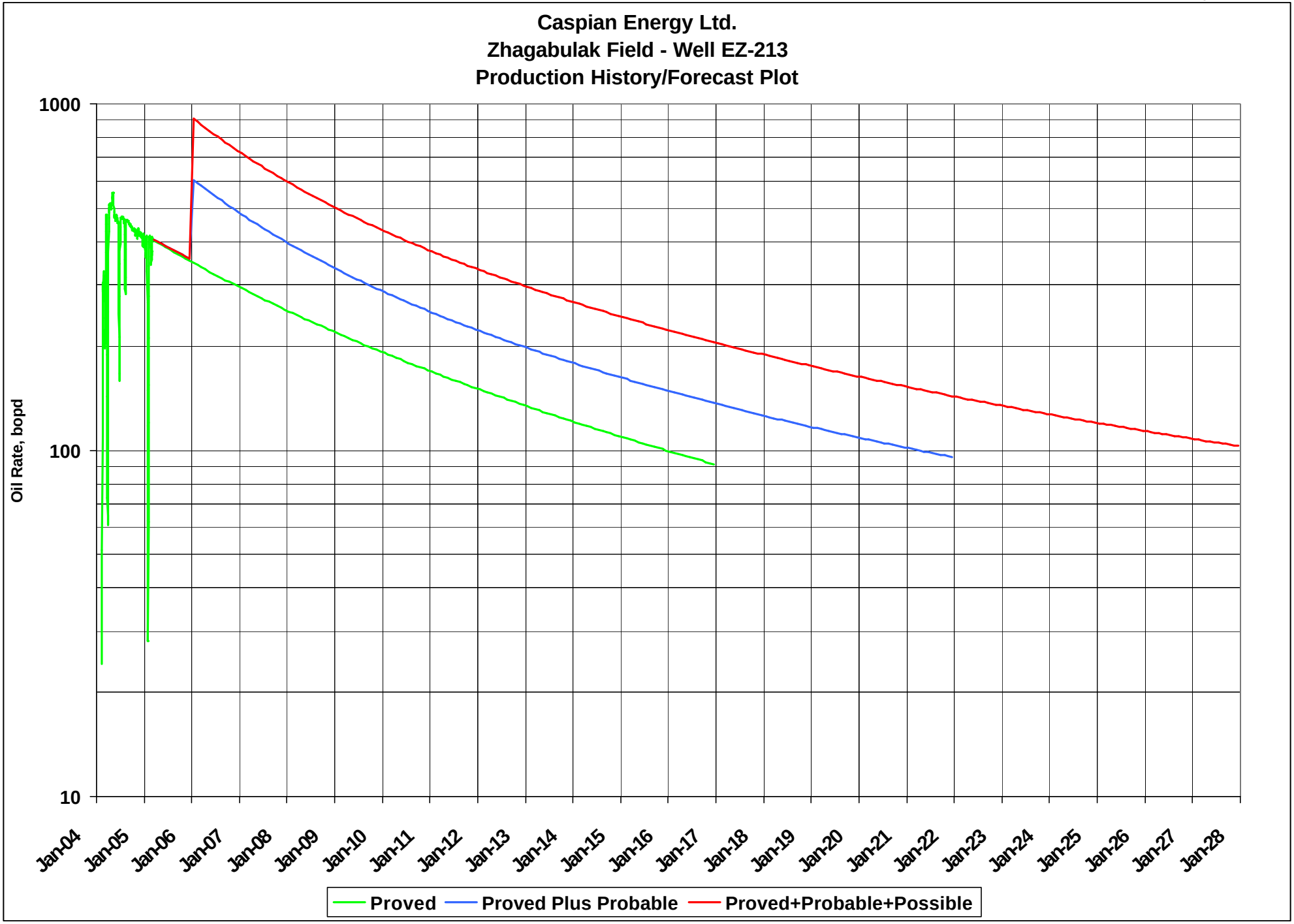
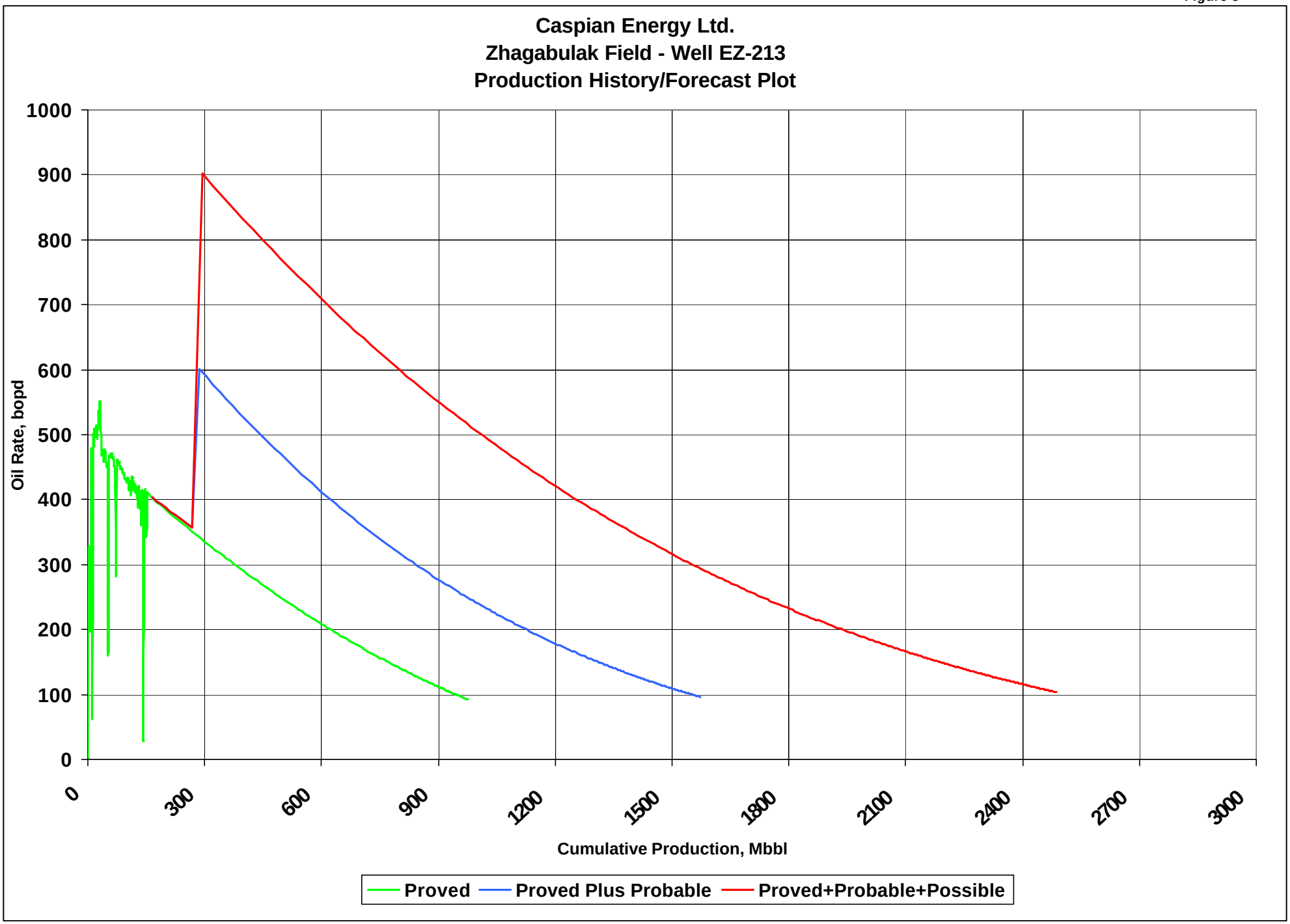

Caspian Energy Ltd.
Zhagabulak Field - Well EZ-213
Production History/Forecast Plot
Oil Rate, bopd
1000
100
10
Jan-04
Jan-05
Jan-06
Jan-07
Jan-08
Jan-09
Jan-10
Jan-11
Jan-12
Jan-13
Jan-14
Jan-15
Jan-16
Jan-17
Jan-18
Jan-19
Jan-20
Jan-21
Jan-22
Jan-23
Jan-24
Jan-25
Jan-26
Jan-27
Jan-28
Proved
Proved Plus Probable
Proved+Probable+Possible

Figure 5


Caspian Energy Ltd.
Zhagabulak Field - Well EZ-213
Production History/Forecast Plot
Oil Rate, bopd
1000
900
800
700
600
500
400
300
200
100
0
0
300
600
900
1200
1500
1800
2100
2400
2700
3000
Cumulative Production, Mbbl
Proved
Proved Plus Probable
Proved+Probable+Possible