

Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Summary of Reserves and Net Present Values
Forecast Price Case as of December 31, 2008

Table 1

Summary of Reserves (1)

<u>Reserve Category</u>	<u>Crude Oil Reserves - Bbls</u>			<u>Crude Oil Reserves - Tonnes</u>		
	Property	Caspian	Caspian	Property	Caspian	Caspian
	Gross	Gross	Net	Gross	Gross	Net
	Mbbl	Mbbl	Mbbl	MT	MT	MT
Proved Producing Reserves	221	111	105	29	14	14
Proved Undeveloped Reserves	1,883	941	882	247	123	115
Total Proved Reserves	2,104	1,052	987	275	138	129
Probable Reserves	5,350	2,675	2,497	700	350	327
Proved + Probable Reserves	7,453	3,727	3,485	976	488	456
Possible Reserves	8,559	4,280	3,995	1,121	560	523
Proved + Probable + Possible Reserves	16,013	8,006	7,479	2,097	1,048	979

Summary of Caspian Net Present Values Before Income Taxes and Before Repayment of the Caspian Funds

<u>Reserve Category</u>	<u>\$M US Dollars</u>					
	0.0%	5.0%	10.0%	15.0%	20.0%	
Proved Producing Reserves		2,068	2,019	1,972	1,929	1,888
Proved Undeveloped Reserves		14,656	11,463	8,903	6,825	5,119
Total Proved Reserves		16,724	13,481	10,875	8,754	7,007
Probable Reserves		94,021	70,613	54,193	42,347	33,592
Proved Plus Probable Reserves		110,746	84,094	65,068	51,101	40,600
Possible Reserves		198,368	130,932	90,459	64,807	47,795
Proved + Probable + Possible Reserves		309,114	215,026	155,527	115,908	88,395

Summary of Caspian Net Present Values After Income Taxes and Before Repayment of the Caspian Funds

<u>Reserve Category</u>	<u>\$M US Dollars</u>					
	0.0%	5.0%	10.0%	15.0%	20.0%	
Proved Producing Reserves		1,776	1,734	1,694	1,657	1,622
Proved Undeveloped Reserves		13,279	10,293	7,895	5,946	4,344
Total Proved Reserves		15,056	12,027	9,589	7,602	5,966
Probable Reserves		73,956	54,731	41,376	31,833	24,845
Proved Plus Probable Reserves		89,012	66,757	50,965	39,436	30,810
Possible Reserves		135,664	86,983	58,486	40,833	29,366
Proved + Probable + Possible Reserves		224,676	153,740	109,452	80,269	60,176

Summary of Caspian Net Present Values After Income Taxes and after Repayment of the Caspian Funds

<u>Reserve Category</u>	<u>\$M US Dollars</u>					
	0.0%	5.0%	10.0%	15.0%	20.0%	
Proved Producing Reserves		2,665	2,600	2,541	2,485	2,433
Proved Undeveloped Reserves		25,620	21,003	17,278	14,234	11,720
Total Proved Reserves		28,284	23,603	19,819	16,719	14,152
Probable Reserves		102,728	77,209	59,169	46,077	36,360
Proved Plus Probable Reserves		131,012	100,812	78,987	62,796	50,512
Possible Reserves		135,664	87,890	59,865	42,425	31,019
Proved + Probable + Possible Reserves		266,676	188,702	138,853	105,221	81,531

(1) Gross reserves are before deducting royalties.

Net reserves are after deducting royalties.

Conversion from Tonnes to Barrels

7.637

McDaniel & Associates
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Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Proved Producing Reserves
Forecast Price Case as of December 31, 2008

Table 2

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil			Crude Oil Price US\$/bbl	Total Sales Revenue US\$M
		Daily Rate Bopd	Annual Volume Mbbl	Annual Volume MT		
2009	2	606	221	29	40.30	8,908
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
Rem.	-	-	-	-	-	-
Total			221	29		8,908

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

Year	M.E.T. US\$M	M.E.T. %	Export Rent Tax US\$M	Commer. Disc. Bon. US\$M	Operating Costs US\$M	Operating Costs US\$/bbl	Aband. Costs US\$M	Capital Costs US\$M	Net Cash Flow B. Tax US\$M
2009	418	4.7	919	-	3,335	15.09	100	-	4,137
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
Rem.	-	-	-	-	-	-	-	-	-
Total	418	4.7	919	-	3,335	15.09	100	-	4,137

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	Property & 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	Net Cash Flow A.T. & Funds Repayment US\$M	Cum Rev. A.T. & Funds Repayment US\$M	NPV A.T. & Funds Repaym. @ 10.0% US\$M
2009	111	105	2,068	2,068	1,972	292	-	1,776	1,776	1,694	2,665	2,665	2,541
2010	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2011	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2012	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2013	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2014	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2015	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2016	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2017	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2018	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2019	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2020	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2021	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2022	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
2023	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
Rem.	-	-	-	2,068	-	-	-	-	1,776	-	-	2,665	-
Total	111	105	2,068		1,972	292	-	1,776		1,694	2,665		2,541

McDaniel & Associates
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Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Total Proved Reserves
Forecast Price Case as of December 31, 2008

Table 3

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil			Crude Oil Price US\$/bbl	Total Sales Revenue US\$M
		Daily Rate Bopd	Annual Volume Mbbl	Annual Volume MT		
2009	2	604	220	29	40.30	8,880
2010	3	1,904	695	91	50.26	34,936
2011	3	1,261	460	60	60.49	27,835
2012	3	835	305	40	67.18	20,465
2013	3	553	202	26	73.65	14,854
2014	3	366	134	17	75.11	10,029
2015	3	242	88	12	76.66	6,776
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
Rem.	-	-	-	-	-	-
Total			2,104	275		123,774

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

Year	M.E.T. US\$M	M.E.T. %	Export Rent Tax US\$M	Commer. Disc. Bon. US\$M	Operating Costs US\$M	Operating Costs US\$/bbl	Aband. Costs US\$M	Capital Costs US\$M	Net Cash Flow B. Tax US\$M
2009	416	4.7	916	-	4,678	21.23	-	25,000	(22,131)
2010	1,992	5.7	4,648	-	4,874	7.01	-	3,570	19,852
2011	1,868	6.7	4,536	-	4,971	10.80	-	1,561	14,899
2012	1,364	6.7	3,313	167	5,070	16.64	-	531	10,019
2013	990	6.7	2,688	-	4,687	23.24	-	-	6,489
2014	669	6.7	1,815	-	4,286	32.10	-	-	3,259
2015	452	6.7	1,226	-	3,868	43.76	169	-	1,061
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
Rem.	-	-	-	-	-	-	-	-	-
Total	7,751	6.3	19,142	167	32,435	15.42	169	30,661	33,449

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	Property & 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	Net Cash Flow A.T. & Funds Repayment US\$M	Cum Rev. A.T. & Funds Repayment US\$M	NPV AT & Funds Repaym. @ 10.0% US\$M
2009	110	105	(11,065)	(11,065)	(10,550)	336	-	(11,401)	(11,401)	(10,871)	(11,401)	(11,401)	(10,871)
2010	348	328	9,926	(1,139)	8,604	325	-	9,601	(1,800)	8,322	14,401	3,000	12,483
2011	230	215	7,449	6,310	5,870	278	-	7,171	5,371	5,651	10,757	13,757	8,476
2012	152	142	5,010	11,320	3,589	234	-	4,775	10,147	3,421	7,163	20,921	5,131
2013	101	94	3,244	14,564	2,113	196	-	3,049	13,195	1,985	4,573	25,494	2,978
2014	67	62	1,629	16,194	965	163	-	1,466	14,662	868	2,199	27,693	1,302
2015	44	41	531	16,724	286	136	-	394	15,056	212	591	28,284	318
2016	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2017	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2018	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2019	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2020	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2021	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2022	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
2023	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
Rem.	-	-	-	16,724	-	-	-	-	15,056	-	-	28,284	-
Total	1,052	987	16,724		10,875	1,669	-	15,056		9,589	28,284		19,819

McDaniel & Associates
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Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Total Proved + Probable Reserves
Forecast Price Case as of December 31, 2008

Table 4

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil			Crude Oil Price US\$/bbl	Total Sales Revenue US\$M
		Daily Rate Bopd	Annual Volume Mbbl	Annual Volume MT		
2009	2	606	221	29	40.30	8,908
2010	3	2,511	916	120	50.26	46,060
2011	4	3,611	1,318	173	60.49	79,719
2012	4	3,088	1,127	148	67.18	75,718
2013	4	2,445	892	117	73.65	65,729
2014	4	1,936	707	93	75.11	53,074
2015	4	1,533	559	73	76.66	42,888
2016	4	1,214	443	58	78.20	34,640
2017	4	961	351	46	79.63	27,932
2018	4	761	278	36	81.35	22,592
2019	4	602	220	29	82.96	18,242
2020	4	477	174	23	84.56	14,724
2021	4	378	138	18	86.25	11,891
2022	4	299	109	14	88.03	9,609
2023	-	-	-	-	-	-
Rem.	-	-	-	-	-	-
Total			7,453	976		511,726

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

Year	M.E.T. US\$M	M.E.T. %	Export Rent Tax US\$M	Commer. Disc. US\$M	Operating Costs US\$M	Operating Costs US\$/bbl	Aband. Costs US\$M	Capital Costs US\$M	Net Cash Flow B. Tax US\$M
2009	418	4.7	919	-	4,678	21.16	-	25,000	(22,107)
2010	2,626	5.7	6,128	-	5,330	5.82	-	35,700	(3,724)
2011	5,350	6.7	12,992	-	6,053	4.59	-	7,283	48,041
2012	5,048	6.7	12,259	676	6,750	5.99	-	3,184	47,801
2013	4,382	6.7	11,894	-	6,885	7.71	-	1,082	41,486
2014	3,538	6.7	9,604	-	7,022	9.94	-	-	32,909
2015	2,859	6.7	7,761	-	7,163	12.80	-	-	25,105
2016	2,309	6.7	6,928	-	7,306	16.49	-	-	18,097
2017	1,862	6.7	5,586	-	7,452	21.25	-	-	13,031
2018	1,506	6.7	4,518	-	7,601	27.37	-	-	8,966
2019	1,216	6.7	3,648	-	7,753	35.26	-	-	5,625
2020	982	6.7	3,085	-	7,167	41.16	-	-	3,490
2021	793	6.7	2,491	-	6,554	47.54	-	-	2,052
2022	641	6.7	2,013	-	5,915	54.18	323	-	717
2023	-	-	-	-	-	-	-	-	-
Rem.	-	-	-	-	-	-	-	-	-
Total	33,530	6.6	89,827	676	93,629	12.56	323	72,249	221,492

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	Property & 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	Net Cash Flow A.T. & Funds Repayment US\$M	Cum Rev. A.T. & Funds Repayment US\$M	NPV AT & Funds Repaym. @ 10.0% US\$M
2009	111	105	(11,053)	(11,053)	(10,539)	336	-	(11,389)	(11,389)	(10,859)	(11,389)	(11,389)	(10,859)
2010	458	432	(1,862)	(12,915)	(1,614)	382	-	(2,243)	(13,632)	(1,945)	(2,243)	(13,632)	(1,945)
2011	659	615	24,020	11,105	18,928	2,570	822	20,629	6,997	16,255	30,944	17,311	24,383
2012	564	526	23,901	35,006	17,121	3,192	2,094	18,614	25,611	13,334	27,922	45,233	20,002
2013	446	416	20,743	55,749	13,509	2,688	1,607	16,448	42,059	10,711	24,672	69,904	16,067
2014	353	330	16,455	72,204	9,742	2,064	977	13,414	55,472	7,941	20,121	90,025	11,912
2015	280	261	12,553	84,756	6,756	1,547	502	10,504	65,976	5,653	15,755	105,780	8,480
2016	221	207	9,048	93,805	4,427	1,078	130	7,841	73,817	3,836	10,037	115,817	4,911
2017	175	164	6,516	100,320	2,898	744	-	5,771	79,589	2,567	5,771	121,589	2,567
2018	139	130	4,483	104,804	1,813	478	-	4,006	83,594	1,620	4,006	125,594	1,620
2019	110	103	2,812	107,616	1,034	259	-	2,554	86,148	939	2,554	128,148	939
2020	87	81	1,745	109,361	583	125	-	1,620	87,768	541	1,620	129,768	541
2021	69	64	1,026	110,387	312	76	-	950	88,718	289	950	130,718	289
2022	55	51	359	110,746	99	64	-	294	89,012	81	294	131,012	81
2023	-	-	-	110,746	-	-	-	-	89,012	-	-	131,012	-
Rem.	-	-	-	110,746	-	-	-	-	89,012	-	-	131,012	-
Total	3,727	3,485	110,746		65,068	15,602	6,132	89,012		50,965	131,012		78,987

McDaniel & Associates
Consultants Ltd.

Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Forecast of Production and Revenues
Total Proved + Probable + Possible Reserves
Forecast Price Case as of December 31, 2008

Table 5

Property Gross Share of Production and Gross Revenues

Year	Producing Well Count	Crude Oil			Crude Oil Price US\$/bbl	Total Sales Revenue US\$M
		Daily Rate Bopd	Annual Volume Mbbl	Annual Volume MT		
2009	2	606	221	29	40.30	8,908
2010	3	2,810	1,026	134	50.26	51,553
2011	4	4,010	1,464	192	60.49	88,537
2012	5	5,210	1,902	249	67.18	127,754
2013	5	4,792	1,749	229	73.65	128,825
2014	5	4,258	1,554	203	75.11	116,724
2015	5	3,624	1,323	173	76.66	101,403
2016	5	3,085	1,126	147	78.20	88,049
2017	5	2,626	958	126	79.63	76,327
2018	5	2,235	816	107	81.35	66,370
2019	5	1,903	695	91	82.96	57,615
2020	5	1,620	591	77	84.56	49,991
2021	5	1,379	503	66	86.25	43,405
2022	5	1,174	428	56	88.03	37,709
2023	5	999	365	48	89.80	32,744
Rem.			1,293	169	95.42	123,340
Total			16,013	2,097		1,199,255

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

Year	M.E.T. US\$M	M.E.T. %	Export Rent Tax US\$M	Commer. Disc. US\$M	Operating Costs US\$M	Operating Costs US\$/bbl	Aband. Costs US\$M	Capital Costs US\$M	Net Cash Flow B. Tax US\$M
2009	418	4.7	919	-	4,678	21.16	-	25,000	(22,107)
2010	2,939	5.7	6,858	-	5,559	5.42	-	48,960	(12,763)
2011	5,941	6.7	14,429	-	6,578	4.49	-	19,768	41,821
2012	8,517	6.7	20,684	1,572	7,758	4.08	-	3,184	86,039
2013	8,588	6.7	23,311	-	7,913	4.52	-	1,082	87,930
2014	7,782	6.7	21,121	-	8,071	5.19	-	-	79,749
2015	6,760	6.7	18,349	-	8,233	6.22	-	-	68,061
2016	5,870	6.7	17,610	-	8,397	7.46	-	-	56,172
2017	5,088	6.7	15,265	-	8,565	8.94	-	-	47,408
2018	4,425	6.7	13,274	-	8,737	10.71	-	-	39,934
2019	3,841	6.7	11,523	-	8,911	12.83	-	-	33,339
2020	3,333	6.7	10,474	-	9,090	15.38	-	-	27,095
2021	2,894	6.7	9,094	-	9,271	18.42	-	-	22,146
2022	2,514	6.7	7,901	-	9,457	22.08	-	-	17,837
2023	2,183	6.7	6,861	-	9,646	26.45	-	-	14,055
Rem.	8,223	6.7	27,014	-	56,072	43.38	520	-	31,511
Total	79,316	6.6	224,689	1,572	176,937	11.05	520	97,994	618,227

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	Property & 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	Net Cash Flow A.T. & Funds Repayment US\$M	Cum Rev. A.T. & Funds Repayment US\$M	NPV AT & Funds Repaym. @ 10.0% US\$M
2009	111	105	(11,053)	(11,053)	(10,539)	336	-	(11,389)	(11,389)	(10,859)	(11,389)	(11,389)	(10,859)
2010	513	484	(6,382)	(17,435)	(5,532)	405	-	(6,786)	(18,175)	(5,882)	(6,786)	(18,175)	(5,882)
2011	732	683	20,911	3,476	16,477	2,737	643	17,530	(645)	13,813	26,295	8,120	20,720
2012	951	887	43,020	46,495	30,817	5,950	6,347	30,723	30,077	22,008	46,084	54,204	33,012
2013	875	816	43,965	90,460	28,631	6,078	7,188	30,699	60,776	19,992	46,048	100,252	29,988
2014	777	725	39,875	130,335	23,607	5,497	6,573	27,805	88,581	16,461	30,329	130,581	17,955
2015	661	617	34,030	164,365	18,315	4,701	5,377	23,952	112,533	12,891	23,952	154,533	12,891
2016	563	525	28,086	192,451	13,742	3,876	3,760	20,450	132,983	10,006	20,450	174,983	10,006
2017	479	447	23,704	216,155	10,543	3,274	2,929	17,502	150,485	7,785	17,502	192,485	7,785
2018	408	381	19,967	236,122	8,074	2,759	2,213	14,995	165,480	6,064	14,995	207,480	6,064
2019	347	324	16,670	252,792	6,128	2,302	1,641	12,727	178,207	4,678	12,727	220,207	4,678
2020	296	276	13,547	266,339	4,527	1,865	1,025	10,657	188,865	3,562	10,657	230,865	3,562
2021	252	235	11,073	277,412	3,364	1,520	674	8,878	197,743	2,697	8,878	239,743	2,697
2022	214	200	8,919	286,331	2,463	1,219	371	7,329	205,071	2,024	7,329	247,071	2,024
2023	182	170	7,027	293,358	1,764	954	174	5,899	210,970	1,481	5,899	252,970	1,481
Rem.	646	603	15,756	309,114	3,144	2,017	32	13,706	224,676	2,731	13,706	266,676	2,731
Total	8,006	7,479	309,114		155,527	45,490	38,947	224,676		109,452	266,676		138,853

McDaniel & Associates
Consultants Ltd.

Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Crude Oil Reserves Summary
 Effective December 31, 2008

Table 6

Reservoir Parameters

Porosity, %	7.7
Oil Saturation, %	68.0
Formation Volume Factor, frac.	1.680
Oil Shrinkage, frac	0.595
Original Oil-In Place, bbl/ac-ft	242
Average Net Pay, ft.	236
Proved Producing Area, acres	300
Total Proved Area, acres	450
Proved Plus Probable Area, acres	750
Proved Plus Probable Plus Possible Area, acres	1,200

Proved Developed Producing Reserves

Original Oil in Place, Mbbl	17,119
Recovery Factor, %	7.8
Original Recoverable, Mbbl	1,327
Cumulative Recovery, Mbbl	1,106
Cumulative Recovery, %	6.5
Remaining Recoverable, Mbbl	221

Proved Undeveloped Reserves, Mbbl 1,883

Total Proved Reserves

Original Oil in Place, Mbbl	25,678
Recovery Factor, %	12.5
Original Recoverable, Mbbl	3,210
Cumulative Recovery, Mbbl	1,106
Remaining Recoverable, Mbbl	2,104

Probable Reserves, Mbbl 5,350

Proved + Probable Reserves

Original Oil in Place, Mbbl	42,797
Recovery Factor, %	20.0
Original Recoverable, Mbbl	8,559
Cumulative Recovery, Mbbl	1,106
Remaining Recoverable, Mbbl	7,453

Possible Reserves, Mbbl 8,559

Proved + Probable + Possible Reserves

Original Oil in Place, Mbbl	68,475
Recovery Factor, %	25.0
Original Recoverable, Mbbl	17,119
Cumulative Recovery, Mbbl	1,106
Remaining Recoverable, Mbbl	16,013

The above reserves estimates are prior to field economic limit adjustments

Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Reservoir and Fluid Properties

Table 7

Effective December 31, 2008

Imperial Units	KT-II
Lithology	Carbonate
Gross Oil Pay Thickness, ft	622
Net Oil Pay Thickness, ft	236
Net to Gross Pay Ratio, %	38
Oil Water Contact Depth, ft md.	15,338
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

SI Units	KT-II
Lithology	Carbonate
Gross Oil Pay Thickness, m	189
Net Oil Pay Thickness, m	72
Net to Gross Pay Ratio, %	38
Oil Water Contact Depth, m md.	4,675
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 Inc.
East Zhagabulak Field - Kazakhstan
Summary of Economic Parameters and Fiscal Terms
Forecast Price Case as of December 31, 2008

Table 8
Page 2

Interests and Fiscal Terms

Caspian Working Interest (Subject to Carried Interest described below) 100 Percent
 Mineral Extraction Tax (Incremental Tiers)

	Export Sales			Domestic Sales		
	2009	2010	2011+	2009	2010	2011+
Volumes less than 250 MT	5.0%	6.0%	7.0%	2.5%	3.0%	3.5%
From 250 to 500 MT	7.0%	8.0%	9.0%	3.5%	4.0%	4.5%
From 500 to 1,000 MT	8.0%	9.0%	10.0%	4.0%	4.5%	5.0%
From 1,000 to 2,000 MT	9.0%	10.0%	11.0%	4.5%	5.0%	5.5%
From 2,000 to 3,000 MT	10.0%	11.0%	12.0%	5.0%	5.5%	6.0%
From 3,000 to 4,000 MT	11.0%	12.0%	13.0%	5.5%	6.0%	6.5%
From 4,000 to 5,000 MT	12.0%	13.0%	14.0%	6.0%	6.5%	7.0%
From 5,000 to 7,000 MT	13.0%	14.0%	15.0%	6.5%	7.0%	7.5%
From 7,000 to 10,000 MT	15.0%	16.0%	17.0%	7.5%	8.0%	8.5%
Volumes exceeding 10,000 MT	18.0%	19.0%	20.0%	9.0%	9.5%	10.0%

Rent Tax on Exported Crude Oil - Based on World Price which was assumed to be Brent

World Price, \$/bbl	Tax Rate
20	0%
30	0%
40	0%
50	7%
60	11%
70	14%
80	16%
90	17%
100	19%
110	21%
120	22%
130	23%
140	25%
150	26%
160	27%
170	29%
180	30%
200	32%

Capital Depreciation Rate – Exploration Costs 25 Percent Declining Balance
 Exploration Capital Cost Balance at January 1, 2009 \$22.965 million
 Capital Depreciation Rate – Development Costs 15 Percent Declining Balance
 Development Capital Cost Balance at January 1, 2009 \$41.398 million
 Tax Loss Carryforward Balance at January 1, 2009 \$2.908 million
 Profit Tax 20.0 percent in 2009
 17.5 percent in 2010
 15.0 percent in 2011+

Excess Profits Tax (Incremental Tiers) - Based on Ratio of Accumulated Income to Accumulated Expenses:

Up to 1.25	0 percent
From 1.25 to 1.3	10 percent
From 1.3 to 1.4	20 percent
From 1.4 to 1.5	30 percent
From 1.5 to 1.6	40 percent
From 1.6 to 1.7	50 percent
Above 1.7	60 percent

Property Tax 1 Percent

VAT Not Included

Caspian Funding Obligations - Caspian is obligated to fund 100 percent of all exploration costs and negative cash flows after all taxes up to a maximum of \$84 million upon which 50 percent of the after tax cash flow will go to repay the funded amounts then the remainder is split 50 percent Caspian and 50 percent Azden.

Caspian Funds Opening Balance at December 31, 2008 \$84 million

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

McDaniel & Associates Consultants Ltd.
Summary of Price Forecasts
 Effective December 31, 2008

Table 9

Year	WTI Crude Oil Price \$US/bbl	Brent Crude Oil Price \$US/bbl	Brent to Field Export Differential \$US/bbl	Export Field Price \$US/bbl	Domestic Field Price \$US/bbl	Inflation Forecast %
2009	60.00	58.50	16.50	42.00	25.00	2.0
2010	71.40	69.90	16.50	53.07	25.00	2.0
2011	83.20	81.60	16.50	64.43	25.00	2.0
2012	90.20	88.60	16.50	71.09	31.99	2.0
2013	97.40	95.80	16.50	77.94	35.07	2.0
2014	99.40	97.70	16.50	79.48	35.77	2.0
2015	101.40	99.70	16.50	81.12	36.50	2.0
2016	103.40	101.70	16.50	82.75	37.24	2.0
2017	105.40	103.60	16.50	84.27	37.92	2.0
2018	107.60	105.80	16.50	86.08	38.74	2.0
2019	109.70	107.90	16.50	87.79	39.50	2.0
2020	111.90	110.00	16.50	89.48	40.27	2.0
2021	114.10	112.20	16.50	91.27	41.07	2.0
2022	116.40	114.50	16.50	93.16	41.92	2.0
2023	118.80	116.80	16.50	95.03	42.76	2.0
2024	121.18	119.14	16.50	96.93	43.62	2.0
2025	123.60	121.52	16.50	98.87	44.49	2.0
2026	126.07	123.95	16.50	100.85	45.38	2.0
2027	128.59	126.43	16.50	102.86	46.29	2.0
2028	131.16	128.96	16.50	104.92	47.21	2.0

Pricing Assumptions :

WTI and Brent price forecast based on the McDaniel & Associates December 31, 2008 price forecast
 The East Zhagabulak price is referenced at the field gate net of all transportation costs

Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Forecast of Capital Costs - 2009\$
Forecast Price Case as of December 31, 2008

Table 10
Page 1

Proved Producing Reserves

Year	Production Wells #	Injection Wells #	Total Wells #	Production Wells 2009 US\$M	Injection Wells 2009 US\$M	Workovers 2009 US\$M	Equipment & Facilities 2009 US\$M	Total 2009 US\$M	Total Future US\$M
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

Total Proved Reserves

Year	Production Wells #	Injection Wells #	Total Wells #	Production Wells 2009 US\$M	Injection Wells 2009 US\$M	Workovers 2009 US\$M	Equipment & Facilities 2009 US\$M	Total 2009 US\$M	Total Future US\$M
2009	1	-	1	12,000	-	3,000	10,000	25,000	25,000
2010	-	-	-	-	-	-	3,500	3,500	3,570
2011	-	-	-	-	-	-	1,500	1,500	1,561
2012	-	-	-	-	-	-	500	500	531
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
Total	1	-	1	12,000	-	3,000	15,500	30,500	30,661

Individual Cost \$M

12,000

Caspian Energy Inc.
East Zhagabulak Field - Kazakhstan
Forecast of Capital Costs - 2009\$
Forecast Price Case as of December 31, 2008

Table 10
Page 2

Total Proved + Probable Reserves

Year	Production Wells #	Injection Wells #	Total Wells #	Production Wells 2009 US\$M	Injection Wells 2009 US\$M	Workovers 2009 US\$M	Equipment & Facilities 2009 US\$M	Total 2009 US\$M	Total Future US\$M
2009	1	-	1	12,000	-	3,000	10,000	25,000	25,000
2010	1	1	2	12,000	12,000	1,000	10,000	35,000	35,700
2011	-	-	-	-	-	-	7,000	7,000	7,283
2012	-	-	-	-	-	-	3,000	3,000	3,184
2013	-	-	-	-	-	-	1,000	1,000	1,082
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
Total	2	1	3	24,000	12,000	4,000	31,000	71,000	72,249
Individual Cost \$M				12,000	12,000				

Total Proved + Probable + Possible Reserves

Year	Production Wells #	Injection Wells #	Total Wells #	Production Wells 2009 US\$M	Injection Wells 2009 US\$M	Workovers 2009 US\$M	Equipment & Facilities 2009 US\$M	Total 2009 US\$M	Total Future US\$M
2009	1	-	1	12,000	-	3,000	10,000	25,000	25,000
2010	2	1	3	24,000	12,000	2,000	10,000	48,000	48,960
2011	-	1	1	-	12,000	-	7,000	19,000	19,768
2012	-	-	-	-	-	-	3,000	3,000	3,184
2013	-	-	-	-	-	-	1,000	1,000	1,082
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
Total	3	2	5	36,000	24,000	5,000	31,000	96,000	97,994
Individual Cost \$M				12,000	12,000				

Figure 5

East Zhagabulak Field Production History / Forecast Plot

