

**AMENDED FORM NI-101F1**  
**STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION**

**Disclosure of Reserves Data**

The reserves data set forth below (the “**Reserves Data**”) is based upon an evaluation by McDaniel & Associates Consultants Ltd. (“**McDaniel**”) with an effective date of December 31, 2013 contained in a report of McDaniel dated March 12, 2014 (the “**McDaniel Report**”) prepared for Caspian Energy Inc. (the “**Company**”). The Company engaged McDaniel to provide an evaluation of proved, probable and possible reserves. The Reserves Data summarizes the oil, liquids and natural gas reserves of the Company and the net present values of future net revenue for these reserves using forecast prices and costs. The Reserves Data conforms with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“**NI 51-101**”). Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Company believes is important to the readers of this information.

The Report of the Company’s Management and Directors on Reserves Data and Other Information (on Form 51-101F3) and the Report on Reserves Data by McDaniel (on Form 51-101F2) are attached as Schedules B and C respectively to the Annual Information Form, which forms are incorporated herein by reference.

**The estimated future net revenues presented in the following tables are estimated values and do not represent the fair market value of the reserves. The estimated reserves attributed to the Company described in the Statement are estimates only and the actual reserves may be greater than or less than the estimates provided herein.**

All of the Company’s reserves are in Kazakhstan. The Company has reserves of light and medium oil.

SUMMARY OF OIL AND GAS RESERVES

AND NET PRESENT VALUES OF FUTURE NET REVENUE

as of December 31, 2013

FORECAST PRICES AND COSTS

|                     | RESERVES             |         |
|---------------------|----------------------|---------|
|                     | LIGHT AND MEDIUM OIL |         |
|                     | Gross                | Net     |
| RESERVES CATEGORY   | (Mbbbl)              | (Mbbbl) |
| PROVED              |                      |         |
| Developed Producing | -                    | -       |
| Developed Non-      | -                    | -       |
| Producing           | -                    | -       |
| Undeveloped         | -                    | -       |
| TOTAL PROVED        | -                    | -       |



|  |         |   |        |        |     |       |        |       |        |
|--|---------|---|--------|--------|-----|-------|--------|-------|--------|
| Proved<br>Plus<br>Probable<br>Reserves | 107,404 | - | 41,065 | 45,839 | 528 | 2,685 | 17,287 | 3,985 | 13,302 |
|--|---------|---|--------|--------|-----|-------|--------|-------|--------|

Notes:

- (1) Other expenses include mineral extraction tax, export rent tax and payment of commerciality bonus.

FUTURE NET REVENUE  
BY PRODUCTION GROUP  
as of December 31, 2013  
FORECAST PRICES AND COSTS

| <del>RESERVES CATEGORY</del>  | <del>PRODUCTION GROUP</del>   | FUTURE<br>NET<br>REVENUE<br>BEFORE<br>INCOME<br>TAXES<br>(discounted at<br>10%/year)<br><br>(US\$,<br><i>thousands</i> ) | UNIT<br>VALUE<br>BEFORE<br>INCOME<br>TAXES<br>(discounted at<br>10%/year<br>\$bbl) |
|-------------------------------|---|--|--|
| Proved Reserves               | Light and Medium Crude Oil (including solution gas and other by-products)     | -  | -  |
|                               | Heavy Oil (including solution gas and other by-products)                      | -  | -  |
|                               | Natural Gas (including by-products but excluding solution gas from oil wells) | -  | -  |
| Proved Plus Probable Reserves | Light and Medium Crude Oil (including solution gas and other by-products)     | 2,805  | 1.28   |
|                               | Heavy Oil (including solution gas and other by-products)                      | -  | -  |
|                               | Natural Gas (including by-products but excluding solution gas from oil wells) | -  | -  |

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS

as of December 31, 2013

FORECAST PRICES AND COSTS

| <b>Year</b> | <b>WTI Crude<br/>Oil Price<br/>US\$/bbl</b> | <b>Brent Crude<br/>Oil Price<br/>US\$/bbl</b> | <b>Domestic<br/>Field Price<br/>US\$/bbl</b> | <b>Inflation<br/>Forecast<br/>%</b> |
|-------------|---|---|--|-------------------------------------|
|             |   |   |  |                                     |
|             |   |   |  |                                     |
|             |   |   |  |                                     |
| 2014        | 95.00                                       | 105.00  | 44.00  | 2.0                                 |
| 2015        | 95.00                                       | 102.50  | 44.88  | 2.0                                 |
| 2016        | 95.00                                       | 100.20  | 45.78  | 2.0                                 |
| 2017        | 95.00                                       | 97.70   | 46.69  | 2.0                                 |
| 2018        | 95.30                                       | 98.00   | 47.63  | 2.0                                 |
| 2019        | 96.60                                       | 99.40   | 48.58  | 2.0                                 |
| 2020        | 98.50                                       | 101.30  | 49.55  | 2.0                                 |
| 2021        | 100.50                                      | 103.40  | 50.54  | 2.0                                 |
| 2022        | 102.50                                      | 105.40  | 51.55  | 2.0                                 |
| 2023        | 104.60                                      | 107.60  | 52.58  | 2.0                                 |
| 2024        | 106.70                                      | 109.70  | 53.64  | 2.0                                 |
| 2025        | 108.80                                      | 111.90  | 54.71  | 2.0                                 |
| 2026        | 111.00                                      | 114.20  | 55.80  | 2.0                                 |
| 2027        | 113.20                                      | 116.40  | 56.92  | 2.0                                 |
| 2028        | 115.50                                      | 118.80  | 58.06  | 2.0                                 |
| 2029        | 117.81                                      | 121.18  | 59.22  | 2.0                                 |
| 2030        | 120.17                                      | 123.60  | 60.40  | 2.0                                 |
| 2031        | 122.57                                      | 126.07  | 61.61  | 2.0                                 |
| 2032        | 125.02                                      | 128.59  | 62.84  | 2.0                                 |
| 2033        | 127.52                                      | 131.16  | 64.10  | 2.0                                 |

Thereafter + 2.0% per year

RECONCILIATION OF  
COMPANY GROSS RESERVES  
BY PRINCIPAL PRODUCT TYPE  
FORECAST PRICES AND COSTS<sup>1</sup>

| FACTORS             | LIGHT AND MEDIUM OIL    |                           |                                       |
|---------------------|-------------------------|---------------------------|---------------------------------------|
|                     | Gross Proved<br>(Mbbbl) | Gross Probable<br>(Mbbbl) | Gross Proved Plus Probable<br>(Mbbbl) |
| December 31, 2012   | 85                      | 2,133                     | 2,218                                 |
| Extensions          | -                       | -                         | -                                     |
| Improved Recovery   | -                       | -                         | -                                     |
| Technical Revisions | (51)                    | 51                        | -                                     |
| Discoveries         | -                       | -                         | -                                     |
| Acquisitions        | -                       | -                         | -                                     |
| Dispositions        | -                       | -                         | -                                     |
| Economic Factors    | -                       | -                         | -                                     |
| Production          | (34)                    | -                         | (34)                                  |
| December 31, 2013   | -                       | 2,184                     | 2,184                                 |

SUMMARY OF UNDEVELOPED OIL AND GAS RESERVES (1)

FORECAST PRICES AND COSTS

As of December 31, 2013

LIGHT AND MEDIUM OIL

| <b>Proved<br/>Undeveloped</b>   | 1st Attributed<br>(Mbbbl) | Booked<br>(Mbbbl) |
|---------------------------------|---------------------------|-------------------|
| Prior to 2011                   | -                         | 402               |
| 2011                            | 370                       | 532               |
| 2012                            | -                         | -                 |
| 2013                            | -                         | -                 |
| <br>                            |                           |                   |
| <b>Probable<br/>Undeveloped</b> | 1st Attributed<br>(Mbbbl) | Booked<br>(Mbbbl) |
| Prior to 2011                   | 749                       | 2,880             |
| 2011                            | 148                       | 2,323             |
| 2012                            | 1,068                     | 2,132             |
| 2013                            | -                         | 2,184             |

5.1.2(b) *Probable Undeveloped Reserves*

The undeveloped reserves belong to the East Zhagabulak property and over the life of the project \$128.4 million will be spent which includes drilling seven wells and the construction of a pipeline and gas processing plant.

## 5.2 *Significant Factors or Uncertainties*

The qualitative certainty levels referred to in the definitions of 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:

- Proved - at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- Probable - 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
- Possible - 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.

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 include an allowance for Kazakhstan taxes.

The future crude oil revenue was derived by employing the future production forecast for each reserves category and the McDaniel & Associates December 31, 2013 forecast of future crude oil prices. Crude oil production is currently sold entirely to the domestic market and is expected to remain this way for the foreseeable future. The future domestic crude oil price was based on the average price received in 2013 of \$60/bbl less \$16/bbl in transportation costs. Crude oil production is subject to a mineral extraction tax and a rent tax. The operating and capital costs were based on Caspian's 2013 accounting statements and 2014 capital budget. The field net revenues are subject to a variety of taxes. Well abandonment costs were included at the end of the production forecast based on \$100,000 per well.

## 5.3 *Future Development Costs*

The following table sets forth development costs (in US\$) deducted in the estimation of the Company's future net revenue attributable to the reserve categories noted below, calculated using no discount.

| Year | Forecast Prices and Costs |                               |
|------|---------------------------|-------------------------------|
|      | Proven Reserves           | Proved Plus Probable Reserves |
| 2014 | -                         | 3,666                         |
| 2015 | -                         | 13,863                        |
| 2016 | -                         | 17,053                        |
| 2017 | -                         | 10,824                        |
| 2018 | -                         | 433                           |

|                        |   |        |
|------------------------|---|--------|
| Thereafter             | - | -      |
| <b>Total All Years</b> | - | 46,392 |

The Company expects to finance future development costs from existing and future cash flow and funds raised from the capital markets. There can be no guarantee that funds will be available or that the board of directors of the Company will allocate funding to develop all of the reserves attributed in the McDaniel Report. Failure to develop those reserves would have a negative impact on future cash flow of the Company.

### 6.1 *Property Description/Wells*

Caspian holds an indirect 40 percent interest in Aral Petroleum Capital Limited Liability Partnership (“Aral”), which holds all rights, title and interest in the North Block Exploration Contract of Western Kazakhstan.

Aral signed the Exploration Contract for the North Block on December 28, 2002. The Contract had an initial three-year term with provisions for up to two, two-year extensions. In 2009, Aral was granted an extension of the Exploration Contract for the North Block, which expired in December 2009, to December 2012. Aral was granted an additional two-year extension, which will expire in December 2014.

The North Block is located approximately 200 kilometres south of the City of Aktobe in the Aktyubinsk Oblast. It initially covered an area of approximately 3,458 square kilometres; however, during the fourth quarter of 2010, a portion of the North Block was relinquished and consequently the new area is approximately 2,200 square kilometres. 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. Aral currently owns one producing oil field, the East Zhagabulak Field, and has several oil prospects that are currently in the exploration stage. There are several producing and non-producing oil fields within the boundary of the block which are excluded from Aral's Exploration Contract. Aral drilled Well 316 in the West Zhagabulak structure located 6 kilometres to the west of East Zhagabulak; however, testing operations conducted in 2012 were largely unsuccessful yielding very low unsustainable oil rates.

Aral re-entered one of the older exploration wells in the East Zhagabulak Field, EZ-213, in February 2004 and re-perforated and tested the well in the Carboniferous KT-2 Zone. The well commenced production in 2004 and has encountered numerous technical problems since that time. An electrical submersible pump was installed in July 2011 and the well resumed production at 250 bopd. In mid-2012, the well stopped producing due to mechanical problems and a workover was subsequently attempted. During the process, several hundred metres of tubing and the pump were lost in the hole. A fishing operation was unsuccessful and it is expected that a whip-stock will be drilled.

A second well was drilled in the East Zhagabulak Field in late 2005, the EZ-301 well, which encountered the same Carboniferous KT-2 Zone as seen in EZ-213. This well commenced production in January 2006 and was producing at a rate of 235 bopd in late 2013.

Drilling in the East Zhagabulak Field resumed in 2011 with the drilling of the EZ-308 well located between EZ-213 and EZ-301. This well was put on production in 2012, however, the oil production rates have been quite variable between 25 and 100 bopd with a high water-cut. Two additional wells, EZ-306 and EZ-315, were drilled in 2012 and put on trial production in November and December 2013 respectively. The initial well rates in Well EZ-306 were approximately 300 bopd with no water and 500 bopd in Well EZ-315 with negligible water production.

The East Zhagabulak Field was granted its own geological allotment and a 25-year Production Contract (outside of the North Block Exploration Contract) in July 2010. In order to transfer the Production Contract from the pilot production stage to full development Caspian is obligated to develop a gas utilization strategy to handle the associated gas. In 2012, Caspian was working towards constructing and commissioning a gas pipeline to transfer unpurified associated gas to the Alibekmola processing plant by the end of December 2012 but was informed that the natural gas from the East Zhagabulak Field will not be accepted and other refineries nearby will also not take the gas. As such, Caspian is exploring the option of re-injecting the gas into the formation or constructing a small gas processing plant to handle the gas.

A technological scheme for field development was approved on December 13, 2013.

The field was shut-in December 31, 2013 following the expiration of the flare permit. The flare permit is expected to be issued in mid-2014, and production is expected to resume in August 2014.

Caspian is planning to drill several wells throughout the block over the next few years, which will include development wells on the East Zhagabulak Field as well as exploration and appraisal wells on other structures throughout the block. At this time, crude oil reserves have only been assigned to the East Zhagabulak Field since the data available for the other structures within the Contract is either not available or does not support a reserves assignment.

#### **6.2 *Property With No Reserves***

Not applicable

#### **6.3 *Forward Contracts***

There are no forward contracts. All of the sales in 2013 were to the domestic market and sales forecast in the future (2014 budget) are expected to be sold to the domestic market as well.

#### **6.4 *Abandonment***

Well abandonments are assumed to be \$100,000 per well at the end of the life of property. Eleven (four, net) wells will be abandoned over the life of the property.

#### **6.5 *Tax***

At December 31, 2013, the Tax Loss Carry-forward Balance was \$38.172 million.

| Excess Profits Tax (Incremental Tiers) - Based on Ratio of Accumulated Income to Accumulated |             |
|--|-------------|
| 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   | 1.5 Percent |

#### **6.6 *Costs Incurred***

During 2013, Aral incurred capital expenditures in Kazakhstan as follows:

|                              | <b>— Total (m\$) —</b> |
|------------------------------|------------------------|
| Exploration costs – Proved   | 9,464                  |
| Exploration costs – Unproved | 8,310                  |
| Development costs – Proved   | 3,788                  |
| Total                        | <b>— \$ 21,562</b>     |

### ***6.7 Exploration and Development Activities***

The Company drilled three wells in 2013.

On January 14, 2013, the Company reported that the Exploration license which governs the majority of the acreage, commonly referred to as the North Block, has been extended for a further two years up until December 2014.

During the two year extension period, the operator is planning to perform Geological and Exploration operations on several prospective areas of the North block. Geological documentation has been prepared for the drilling of 4,950 metre deep wells in three pre-salt areas Baktygaryn, Aransay and North Mortuk. Additional 2D and 3D seismic shoots are expected prior to drilling.

This Geological and Exploration work is conducted in the expectation of the discovery of new oil pools in the North Block contract territory.

### ***Production Estimates***

The following table sets out the volume of the proved and proved plus probable gross production estimated for the year ending December 31, 2013 which is reflected in the estimate of future net revenue disclosed in the tables contained under "Disclosure of Reserves Data". The Company's East Zhagabulak, Kazakhstan property accounts for 100% of this estimate.

|                   | <b>Light and Medium<br/>Crude Oil<br/>— (Mbbbl) —</b> |
|-------------------|---|
| Proved            | -   |
| Probable          | 65  |
| Proved + Probable | <b>— 65</b>   |

Note: "**Gross production**" means the company interest in sales volumes as defined in the McDaniel Report



