

9 January 2020

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Caspian Sunrise (CASP) – Corporate – Operational Update

Market Cap £161.6m Share Price 9.7p

Caspian Sunrise announced yesterday (12:02) that the A5 well has produced 37° API oil (light oil) for 10 days and based on activity to date the company expects the well to produce at a sustainable rate of at least 1,500 b/d. The company is currently adjusting the well’s choke to maintain a constant pressure.

The company announced its intention to spud an additional deep well into the Airghagyl field, Deep Well A9, with drilling operations expected to start in 2H 2020.

At the shallow MJF field six well sites have been prepared for drilling. Well 150, which began drilling in December, has reached a depth of 318 meters. The wells planned total depth is 2,500m. The next well expected to be drilled into the MJF structure is Well 153 and the company expects that well will begin drilling in March 2020.

The company indicated production in December amounted to 1,403 b/d (1,389 b/d in the prior month). 64% of production was exported at a price of \$59.6/b (58% and \$55/b in the prior month). 36% of production was sold domestically at a price of \$18/b (42% and \$19/b in the prior month).

WHI Opinion: Solid production from the A5 Well to date is extremely encouraging as is management’s estimate of the well’s potential flow rate. More time will be required to confirm these expectations which if correct would be transformative for the company. The scale of the flow rate is not as important as the establishment of stable commercial production. We believe this to be the case because the drilling costs per barrel are expected to be low. Therefore the number of wells required to extract the oil is not the key issue in our opinion. For perspective, based on our volumetric analysis WHI estimates the Airshagyl field has the potential to produce 302 million barrels of oil, based on a 58km² area of the field, which would be increased by the success of the forthcoming Deep A9 Well. The additional planned deep well, A9, is quite exciting in the current context of testing the A5 well. Based on the most recent updates provided by the company we cannot rule out the possibility of the company achieving strong growth in both deep and shallow production at the same time.

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Company / Issuer Disclosures

Company Name	Table of interest number	12-month recommendation history	Date
Caspian Sunrise (CASP)	1,2,3,4,5	Corporate	11.12.17

<http://research.whirelandplc.com/research/regulatory.asp>

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Recommendation	Total Stocks	Percentage %	Corporate	Percentage %
Corporate	50	89.3	50	100.0
Buy	5	8.9	0	0.0
Speculative Buy	0	0.0	0	0.0
Outperform	1	1.8	0	0.0
Market Perform	0	0.0	0	0.0
Underperform	0	0.0	0	0.0
Sell	0	0.0	0	0.0
Total	56.0	100.0	50.0	100.0

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Time and date of recommendation and financial instruments in the recommendation

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A draft of this research report has been shown to the company following which factual amendments have been made.

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