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CASPIAN ANNOUNCES APPOINTMENT OF SENIOR CONSULTANT

- Appointment of Mr Roger Nutt as senior consultant
- Mr Nutt is a petrophysical consultant with 50 years experience in the industry specialising in wireline logging
- Recent consultant positions include advising Pemex, the Mexican state-owned petroleum company, on the Chicotepec turbidite sandstone formation
- Mr Nutt's extensive career includes senior petrophysicist at Shell International, President and CEO, Atwell International Consultants and consultant petrophysicist for Qatar Petroleum's giant on-shore field at Dukhan.

CALGARY (Alberta, Canada) August 20, 2012 Caspian Energy Inc. ("**Caspian**") (TSX.CEK) is pleased to announce that it has entered into an agreement with Mr Roger Nutt , a highly experienced petrophysicist, to provide services and advice (the "**Services**") in connection with the exploitation, development and completion of Aral Petroleum Capital LLP's ("**Aral**") eight wells (the "**Wells**") located in the Republic of Kazakhstan. Caspian holds a 40% interest in Aral.

Mr. Nutt has undertaken to advise on the forthcoming reworking of wells (#303 and #302) on the basis that his reasonable expenses will be met. He will receive compensation only if, and in so far as, such reworking brings the production of each well to in excess of 2,000 barrels of oil per day. The remuneration for the Services is entirely performance based, and if he is unsuccessful in increasing the production from the Wells will not be compensated. If he is successful, he will be compensated with common shares of Caspian ("**Common Shares**") and warrants to purchase common shares ("**Warrants**") and together with the Common Shares, the "**Securities**") based on certain pre-set milestones.

At the Corporation's sole option, the Corporation can elect to satisfy all or a portion of the consideration payable to Mr. Nutt in cash. Mr. Nutt would be entitled to a maximum of 11,000,000 Common Shares and 15,000,000 Warrants if all of the maximum preset milestones are met (the "**Maximum Consideration**").

In order to be entitled to the Maximum Consideration, the flow of petroleum in relation to each of Caspian's Wells would have to exceed 4,000 barrels of oil per day (the "**Bopd Rate**"), and the flow of petroleum in relation to any Well would have to exceed a Bopd Rate of 2,000, in each case, as a direct consequence of the Services having been provided pursuant to the Agreement, and within the three year period following the date of the Agreement, the volume weighted average trading price of Caspian's common shares would have to exceed CAN\$10.00 for a period of not less than 20 trading days.

William Ramsay, Chairman and Chief Executive Officer, stated "Mr Nutt's extensive experience in the petrophysical arena is a welcome addition to the eight well programme being undertaken in Kazakhstan. Mr Nutt has a proven track record in optimising well flows, which if successful would transform Caspian's production profile and cash flow dramatically. The agreement reached is a unique proposition for Caspian which is designed to remunerate Mr Nutt only if flow rates exceed 2000 barrels of oil per day compared to the current rate of sub 300 ."

Asia Sixth, the 60% shareholder in Aral Petroleum Capital, to Caspian's 40% shareholding, has agreed to indemnify Caspian for any cost that might arise with respect to agreement.

In consideration for the provision of the Services, Caspian has agreed to issue the following Securities to Mr. Nutt:

- In respect of each Well where, as a direct consequence of the Services being provided by Mr. Nutt, the flow of petroleum in relation to such Well when measured in accordance with the Agreement has a barrels of oil per day rate (“**Bopd Rate**”) in excess of of 2,000, Caspian will issue 625,000 Common Shares in respect of such Well (the “**Consideration Shares**”). The maximum number of Consideration Shares issuable pursuant to the Agreement is 5,000,000.
- Non-transferable Warrants to acquire an additional 1,875,000 Common Shares at a price of CAN\$0.12 (the “**Exercise Price**”) in respect of each Well. The Warrants would become exercisable when, as a direct consequence of the Services being provided by Mr. Nutt, the flow of petroleum in relation to such Well when measured in accordance with the Agreement is in excess of a Bopd Rate of 4,000. The Warrants would be exercisable for a period of five years from the date on which Caspian receives shareholder approval for the issuance of the Warrants. The maximum number of Common Shares issuable pursuant to the Warrants, subject to adjustment in accordance with their terms, is 15,000,000.
- Provided always that as a direct consequence of the Services being provided by Mr. Nutt, the flow of petroleum in relation to any Well when measured in accordance with the Agreement is in excess of a Bopd Rate of 2,000, Caspian will issue the following additional Common Shares (the “**Bonus Shares**”):
 - (a) if at any time during the period of three years commencing on the date of the Agreement, the volume weighted average trading price of the Common Shares (as quoted on the Toronto Stock Exchange (the “**TSX**”) or such other exchange on which the Common Shares are listed) exceeds CAN\$10.00 for a period of not less than 20 trading days, 500,000 Common Shares;
 - (b) if at any time during the period of three years commencing on the date of the Agreement, the volume weighted average trading price of the Common Shares (as quoted on the TSX or such other exchange on which the Common Shares are listed) exceeds CAN\$5.00 for a period of not less than 20 trading days, 1,500,000 Common Shares; and
 - (c) if at any time during the period of three years commencing on the date of the Agreement, the volume weighted average trading price of the Common Shares (as quoted on the TSX or such other exchange on which the Common Shares are listed) exceeds CAN\$10.00 for a period of not less than 20 trading days, 4,000,000 Common Shares.

The maximum number of Bonus Shares issuable pursuant to the Agreement is 6,000,000.

The issuance of the Securities is conditional upon Caspian receiving approval of the TSX and of the majority of the votes cast by shareholders present in person or by proxy (other than Mr. Nutt) at a meeting of Caspian shareholders. In the event that Caspian does not receive shareholder approval or if Caspian so elects, Mr. Nutt will receive cash consideration for the Services in lieu of the Securities in an amount equal to the market price of the Securities on the date which the Securities would have been issued if shareholder approval had been obtained in the case of the Consideration Shares and the Bonus Shares, and in the case of the Warrants, the market price of the Common Shares underlying the Warrants on the date that the Warrants would have become exercisable if shareholder approval had been obtained minus the Exercise Price for the Warrants.

The Warrants, the Common Shares underlying the Warrants, the Consideration Shares and the Bonus Shares will be subject to a four month statutory hold period, and Mr. Nutt has agreed not to transfer the Consideration Shares or the Bonus Shares for a period of two years from the date of issuance.

The issued and outstanding Common Shares as of the date hereof is 226,169,455 and the maximum number of Commons Shares issuable to Mr. Nutt pursuant to the Agreement is 26,000,000, representing approximately 11.5% of the issued and outstanding Common Shares. Mr. Nutt currently holds 1,000,000 Common Shares. As a result, if all of the Common Shares issuable to Mr. Nutt pursuant to the Agreement are issued, he will hold approximately 11.9% of the Common Shares assuming no additional Common Shares are issued. The closing trading price of the Common Shares on August 20, 2012 was **[\$0.11]** per share.

Roger Nutt

Mr Nutt is a petrophysical consultant with 50 years experience in the petroleum industry which has seen him hold the position of senior petrophysicist at Shell International, President and CEO, Atwell International Consultants, consultant petrophysicist for Qatar Petroleum's giant on-shore field at Dukhan and manager of formation evaluation at Canterra Energy Limited (formerly Aquitaine Company of Canada Ltd).

In addition Mr Nutt has taught all aspects of Petrophysics for Oil & Gas Consultants International (training) and the Petroskills Alliance. He has completed Petrophysical studies of open- and cased-hole logs in reservoirs throughout the world, including North Africa, the Middle East, Canada and the United States. In association with Lindsay Publishing, Mr Nutt has published a Wireline Operations' Manual, the only manual on the market designed exclusively for witnesses of wireline logs and completion operations.

For further information, please contact Caspian Energy Inc.:

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This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation which we refer to herein, collectively, as "forward-looking information". Forward-looking information includes, but is not limited to, information with respect to our objectives, strategies, operations and financial results, competition as well as initiatives to grow revenue or reduce retention payments. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Caspian's actual performance, developments and/or results may differ materially from any or all of the forward-looking statements, which include current expectations, estimates and projections, in all or in part attributable to general economic conditions, and other risks, uncertainties and circumstances partly or totally outside the control of Caspian, including oil prices, imprecision of reserve estimates, drilling risks, future production of gas and oil, rates of inflation, changes in future costs and expenses related to the activities involving the exploration, development, production and transportation of oil, hedging, financing availability and other risks related to financial activities, and environmental and geopolitical risks. Further information which may cause results to differ materially from those projected in the forward-looking statements is contained in Caspian's filings with Canadian securities regulatory authorities and includes the ability of its new partner to meet its obligations under the foundation agreement to secure US\$80 million in debt financing for Aral, and the limited remedies available to Caspian in the event of any such failure of that third party, the impact of general economic conditions, industry conditions, currency fluctuation and dependence upon regulatory approvals. All material assumptions used in making forward-looking information are based on management's knowledge of current business conditions and expectations of future business conditions and trends. Although we believe the assumptions used to make such statements are reasonable at this time and have attempted to identify in our continuous disclosure documents important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.