CASPIAN ENERGY INC.
ANNOUNCES THIRD QUARTER 2011 FINANCIAL RESULTS AND CORPORATE UPDATE

TORONTO, November 4, 2011 -- Caspian Energy Inc. (the “Company” or “CEK”) (TSX: CEK) announced today its financial results for the three and nine months ending September 30, 2011. Its interim unaudited financial statements for the period and related management's discussion and analysis have been filed with Canadian securities regulatory authorities and are available for viewing at www.sedar.com.

Highlights

- *Production continues at East Zhagabulak oilfield at 500 BOPD(gross)*
- *Aral restructuring passes Pre-emptive Rights and Anti-Monopoly Commissions*
- *EZ #308 drilling ahead at 4,376 m*
- *Sakramabas #316 drilling ahead at 3,285 m*
- *Debenturesholders elect for units regarding 3Q 2011 interest*

For the three months ending September 30, 2011, CEK’s net income and comprehensive income was $5,066,000 and for the three months ending September 30, 2010, CEK’s net income (loss) and comprehensive income (loss) was $(2,306,000). Caspian recorded a recovery of $6,302,000 (3Q 2010 - charge of $941,000) pertaining to Finance expense. Pursuant to the pronouncements of IFRS, Caspian’s convertible debentures constitute a financial liability with an embedded derivative (which is the conversion feature of this instrument). Revaluation of the derivative component of the Company’s Convertible Debentures from the date of the Second Amending Agreement to quarter end has resulted in an unrealized gain equal to $4,826,000 as the fair value of the conversion option has decreased due to the deteriorating market value per share of the Company’s common shares. To the close of 3Q 2011, due to the deterioration in the Canadian dollar versus the United States dollar, mostly unrealized foreign exchange gains of $2,413,000 were recorded (to the close of 3Q 2010 – a charge of $141,000).

Depletion, depreciation and accretion expenses were $612,000 and $557,000 respectively. CEK’s operations provided $7,317,000 in cash during the three month period and used $763,000 for the comparative quarter of 2010. At the close of 3Q 2011, Caspian had a working capital deficiency of $13,742,000; however, this figure reflects the pro rata addition of Aral’s current liabilities. The Company had a cash balance of $38,000 in Canadian accounts and domestic liabilities of $752,000 at the close of the third quarter.

Oil revenues before transportation costs during 3Q 2011 were $1,428,000 and for 3Q 2010 were $1,331,000. The Company sold an average 167 Bopd (3Q 2010 – 208 Bopd) at a price of $93.11 (3Q 2010 - $69.40), per barrel, net of ROK takes, during the quarter ended September 30, 2011.

Currently, well EZ #301 is producing an average 226 barrels per day by natural pressure, after being permitted by regulators to return to production June 15, 2011 on the premise that both wells will begin capturing solution gas by year-end. The EZ field produced 13,990 barrels of oil during September, 2011.

The workover on producing well EZ #213 in the East Zhagabulak field was completed. The workover installed a new deep well pump, to increase the daily production rate. Currently, well EZ #213 is producing an average 284 barrels per day

For the quarter ended September 30, 2011, operating costs were $965,000 and for the 2010 comparative period, operating costs were $(240,000), while transportation expenses were $548,000 and $40,000 respectively. Administrative expenses for the same periods were $537,000 and $639,000, respectively.

The Company's existing sources of financing and expected cash flow from operating activities are not sufficient to meet: (i) the repayment of the Loan payable of $5,252,000; and (ii) the Convertible Debentures plus accrued interest, totalling $8,366,000 on September 30, 2011, which mature on June 2, 2013.

Subsequent to period end the Company has received advice from its Debenture holders that they will accept units of the Company (1 unit = 1 common share + 1/2 share purchase warrant) to satisfy the interest obligations of the amended Convertible Debentures pertinent to the third quarter of this fiscal year. The deemed price of the stock issued is $0.106879 per share and the warrant exercise price is $0.146256. It is anticipated that 3,034,470 common shares and 1,517,235 share purchase warrants will be issued to satisfy the 3Q 2011 interest obligation.

The revised Exploration Contract was granted State Registration on July 13, 2011. The Competent Body of the ROK agreed to amend the Work Program for the years 2010 – 2012 by carrying forward the drilling of two exploration wells (estimated cost USD 13.95 million) and seismic operations (estimated cost USD 2.04 million) from 2010 to 2011 and 2012, with no decrease in expenditures commitment in the extension period. The approved amended Work Program stipulates expenditures of USD 2.10 million, 25.84 million and 22.46 million for the years 2010, 2011 and 2012, respectively. Aral expended USD 6.42 million during 2010 and as at June 30, 2011 has expended USD 4.51 million for the 2011 calendar year obligations. The present cumulative shortfall for 2011 is USD 14.91 million, which will be more than discharged by the current drilling program.

Well EZ #308 spud on July 16, 2011 and is estimated take about 120 days to reach approximately 4,700 metres target depth, The objective is the same carboniferous structure of Bashkirian layer from which the two earlier successful wells are currently producing. The EZ #308 site lies roughly midway between the Company's two producing wells in the East Zhagabulak field, some 15 kilometres northeast of the Sakramabas location. EZ #308 is currently drilling ahead at approximately 4,376 metres after coring the interval 4,280 – 4,284 metres.

Sakramabas #316 spud on July 22, 2011 and is estimated take about 120 days to reach approximately 4,500 metres target depth, The objective, again, is the same carboniferous structure of Bashkirian layer. The area around the well is locally known as Sakramabas, but officially designated Greater Zhagabulak II and III. S #316 is currently drilling ahead at 3,285 metres.

In the event of a good result at Sakramabas #316, the partners will complete the EZ #308 well and move that rig to a location northeast of Sakramabas, where it will test for oil between Sakramabas and East Zhagabulak. An additional drilling rig would then be contracted in October 2011 to pursue identified targets within East Zhagabulak.

Non-fulfillment of commitments under the Work Program may result in punitive actions by the Government of the Republic of Kazakhstan, including suspending or revoking the Exploration Contract.

As part of the previously announced financing transaction for Aral, it will be the new partner's responsibility to secure US$ 80mm in debt financing for Aral for further exploration and development. This transaction will achieve several strategic imperatives. It will provide the funding necessary to develop the East Zhagabulak field, phase one of which envisages the immediate drilling of development wells. It will provide the funding required for a sustained exploratory drilling campaign in the Greater Zhagabulak, Baktygaryn, and Urikhtau areas, among others. Finally, it should ensure that Caspian will not have to provide additional funds for the activity in the North Block in the near term.

On October 3, 2011, Caspian received formal notification from the Ministry of Oil and Gas that it was waiving its pre-emptive right to purchase any of the shares in Aral alienated by the prosposed sales transactions of both Azden and Caspian to Asia Sixth. The Ministry elected to refer to the Anti-Monopoly Commission the details of the proposed sales transactions for their review of concentrated rights. Verbally, we have been informed that a favourable decision was issued from the Anti-Monopoly Commission. Our application is to be included on the agenda at the next session of the Commission of Experts, the date of which has not yet been established, but is expected prior to November month-end. The Commission will issue a minute of decisions reached. All participants must ratify this minute prior to notarization and presentation to accomplish the re-registration of APC and completion of our transaction.

The agreement with the new partner, which expired on March 31, 2011, has been extended by mutual consent of both parties. The Company's objectives continue to be focused on executing this agreement or another similar arrangement to maximize value to shareholders through development of its oil and gas properties.

The Company's ability to continue as a going concern is in substantial doubt and is dependent upon a successful outcome to the aforementioned financial transaction.

The Company is an oil exploration and development corporation operating in the Republic of Kazakhstan.

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