

Caspian Energy Inc. Reaches Agreement with Debentureholders and Announces Shareholder Meeting

Calgary, Alberta – January 10, 2014 – Caspian Energy Inc. (the "**Corporation**" or "**Caspian**") (NEX: CEK.H) is pleased to announce that it has reached agreement with the holders ("**Holder**s") of its amended and restated secured convertible debentures each dated July 8, 2011 (the "**Debentures**") to amend the Debentures. The Conversion Price (as defined in the Debentures) will be amended to the price such that, if all outstanding Debentures are converted (the "**Conversion**"), the common shares (the "**Common Shares**") of the Corporation issued upon the Conversion would represent approximately eighty-two and one half percent (82.5%) of the issued and outstanding Common Shares. Caspian shareholders holding Common Shares immediately prior to the Conversion will hold the remaining approximately 17.5% of the Common Shares. Following the Conversion all debt owed to the Holders will have been paid. The deemed price of the Common Shares to be issued on the Conversion will be calculated at a discount from the closing price of the Common Shares on the NEX of \$0.02 on January 9, 2014.

In addition, there will be a consolidation ("**Consolidation**") of the Common Shares on the basis of up to ten pre-Consolidation Common Shares for each post-Consolidation Common Share. The precise Consolidation ratio will be determined at the time of the shareholder meeting to be called to approve the Conversion and Consolidation.

The Conversion contemplated is subject to satisfaction to a number of conditions prior to February 20, 2014 including:

- (A) the approval by holders of a majority of the disinterested holders of the Common Shares voted in person or by proxy at the Meeting (as defined below) in respect of the completion of the Conversion (the "**Conversion Approval**");
- (B) the approval by holders of two thirds of the Common Shares voting in person or by proxy at the Meeting, and the filing, of articles of amendment of the Corporation to give effect to, a consolidation of the Common Shares on the basis of up to ten for one (such basis to be determined by the Corporation at the time of the Meeting) (the "**Consolidation Approval**");
- (C) the approval by the NEX board of the TSX Venture Exchange ("**NEX**") of the issuance of the Common Shares pursuant to the Conversion and related matters; and
- (D) signed resignations and releases from at least two of the current directors of Caspian at the time of the Conversion. There is currently one vacancy on the Caspian board. The three vacancies will be filled by appointees of the Holders after implementation of the Conversion.

Caspian and the Holders have also agreed to amend the terms of Caspian's previously announced extension agreement dated November 26, 2013 (the "**Extension Agreement**") with the Holders. Pursuant to the Extension Agreement, the Corporation was granted a remedial period providing it with further time to pay all amounts owing under the Debentures. Caspian and the Holders have agreed to execute a further extension agreement (the "**Amended Extension Agreement**") pursuant to which the Holders will agree to extend the remedial period to the earlier of (i) February 20, 2014 or (ii) the earlier of the following dates if they occur:

- (A) January 15, 2014, if Caspian fails to execute and deliver a formal amendment to the terms of the Debentures to provide for the Conversion;
- (B) January 15, 2014, if Caspian fails to deliver to the Holders lock-up agreements executed by each of the Corporation's directors confirming that he/she shall vote his/her common shares in favour of the Conversion Approval and the Consolidation Approval at any shareholders' meeting convened to consider such matters (the "**Lock-up Agreements**"); and
- (C) January 29, 2014, if Caspian fails to mail to the shareholders of the Corporation an information circular recommending the Conversion Approval and the Consolidation Approval and providing for a shareholders' meeting to consider and approve such matters (the "**Meeting**").

A special meeting of shareholders of the Corporation has been called for February 19, 2014 to consider the Conversion Approval and Consolidation Approval. The shareholder vote on the Conversion will be



conducted excluding votes of interested shareholders. The Conversion and Consolidation are also subject to the approval of NEX.

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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". 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. 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. 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 Caspian believes the assumptions used to make such statements are reasonable at this time and has attempted to identify in its 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, including the failure of the Corporation to obtain NEX and shareholder approval, and the ability of the Corporation to meet any of the criteria set forth in the Amended Extension Agreement or amendments to the Debentures. 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. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

