

Caspian Energy Inc. Announces Short-Term Financing from Principal Shareholders

Calgary, Alberta – July 7, 2014 – Caspian Energy Inc. (NEX: CKZ.H) ("Caspian") announces that it has entered into an agreement (the "Loan Agreement") with its principal shareholders, Meridian International Capital Fund ("Meridian") and Firebird Global Master Fund Holdings, Ltd. and Firebird Avrova Fund, Ltd. (collectively, "Firebird"), pursuant to which Meridian and Firebird will provide short-term financing to Caspian by way of a secured convertible loan of up to US\$1.5 million. The purpose of the financing is to allow Caspian to pay certain permitted expenses including professional fees to its advisors, administrative expenses, pre-agreed salaries and fees to its directors and officers and other past amounts due.

Interest is payable on the outstanding amounts of the loan at an annual rate of 12% per annum. The principal outstanding and any interest accrued thereon is payable on the earliest of (i) the later of November 30, 2014 and the termination of discussions in respect of a further transaction specified in the Loan Agreement, (ii) after the execution and delivery of a binding agreement with respect to such further transaction, the termination or non-fulfilment of any conditions specified in such binding agreement, and (iii) the occurrence of an event of default under the Loan Agreement. Notwithstanding the foregoing, all accrued interest will be forgiven in the event that the full principal amount outstanding is converted to equity prior to the repayment date.

All liabilities under the Loan Agreement are to be secured by a pledge by Caspian of 100% of the equity interests in its wholly-owned subsidiary, Caspian Energy Limited.

Each of Meridian and Firebird have the right to convert such lender's principal amount for the initial advance (which is expected to be the full amount of US\$1.5 million) into common shares of Caspian at a conversion price of Cdn.\$0.06 per common share, subject to adjustment as provided in the Loan Agreement. The conversion price for future advances, if any, is subject to the policies of the NEX.

Meridian and Firebird are related parties to Caspian by virtue of their substantial shareholdings in Caspian. Accordingly, the convertible loan under the Loan Agreement is a "related party transaction" as that term is defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). However, Caspian is exempt from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the loan on the basis of the financial hardship of Caspian.

The Loan Agreement is subject to NEX approval. If NEX approval is not received by 5:00 p.m. (Toronto time) on July 10, 2014, the Loan Agreement will terminate, pursuant to its terms.

Future advances under the Loan Agreement are subject to various conditions, including approval of the Lenders in the event that the conversion price for future advances is proposed to be higher than Cdn.\$0.06 per Common Share (excluding any adjustments provided for in the Loan Agreement). Assuming that the full amount of US\$1.5 million is advanced under the Loan Agreement, the number of Common Shares issuable to Meridian and Firebird upon conversion of such amount (assuming a conversion price of Cdn.\$0.06 and an exchange rate of Cdn.\$1.08 = US\$1.00) is 27,000,000, or approximately 20.56% of the issued and outstanding Common Shares as at the date hereof.

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". 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. 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. Caspian does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the NEX) accepts responsibility for the adequacy or accuracy of this release.