CASPIAN ENERGY INC.
ANNOUNCES 2010 FINANCIAL RESULTS AND CORPORATE UPDATE

TORONTO, March 31, 2011 -- Caspian Energy Inc. (the "Company" or "CEK") (TSX: CEK) announced today its financial results for the year ending December 31, 2010. Its audited 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. Concurrently filed were Forms 51-101 F1, F2 and F3.

Caspian reduced its net income (loss) and comprehensive income (loss) from $(48,578,174) for the year ending December 31, 2009, to $(12,177,225) for the past calendar year. Non-cash charges, beyond the Company's influence, were major components of these amounts. Foreign exchange losses (gains) of $190,748 (prior year - $(5,742,779)), debentures interest charges of $2,120,646 (2009 - $4,270,692), $524,632 (2009 - $383,786) pertaining to accretion of the discount on its convertible debentures and depletion, depreciation and accretion expenses of $6,360,306 and $4,840,685, respectively were recorded. Compared to 2009, Caspian's 2010 loss was $36,400,949 or 75% less than the figure recorded in the prior year. An impairment charge to property, plant and equipment of $42,266,753 was suffered during 2009.

CEK's operations consumed $1,849,671 in cash during the current year and used $3,889,400 for 2009. The decreased cash utilization over the 2009 fiscal period is attributable to changes in non-cash working capital.

At the close of 2010, Caspian had a consolidated working capital deficiency of $24.5 million; however, this figure reflects the reclassification of the Convertible debentures, in the amount of $21.6 million, from long-term to current liabilities plus the pro rata addition of Aral's current liabilities. The Company had a cash balance of $1.1 million in Canadian accounts and domestic liabilities of $442,000.

Oil revenues before transportation costs during 2010 were $3,427,569 and for 2009 were $4,393,203. The Company sold an average 137 Bopd (2009 – 248 Bopd) at a price of $69.17 (2009 - $48.73), per barrel, net of ROK takes, during the year ended December 31, 2010. The East Zhagabulak field was shut-in concurrent with the expiration of the gas flaring permit on December 31, 2010. The new permit is expected to be granted early in the second quarter of 2011. Aral Petroleum Capital LLP ("Aral" – the Kazakh operating entity) produces pursuant to a "Pilot Production" permit. As a consequence of this status, gas flaring will continue to be a problem until Aral has been awarded full field development. Daily field production rate average over the fourth quarter of 2010 was 331 Bopd.

Caspian, through Aral, had a contractual commitment to expend US$ 24.5 million during calendar 2010 to discharge its exploration obligations pursuant to its exploration license with the ROK.

As at December 31, 2010, Aral had expended US$ 8.5 million toward discharging the financial obligations committed to on February 5, 2010, during a session, of the Zapkaznedra ITD

Technical Council (the ROK regulatory body) that decreed that the Updated Work Program for 2010 shall have financial obligations of US$ 24.5 million. The Exploration Contract extension approved in 2009, has a work obligation in the year 2010 of US$ 24.5 million; 2011, US$ 17 million; and 2012, US$ 15 million; for a total of US$ 56.5 million over three years. Aral intends to address this deficiency with the ROK by presenting to the ROK the executed transaction documents with its new partner together with a proposal that includes moving the expenditures deficiency in 2010 to 2011. The qualifying expenditures obligations would then amount to US$ 34 million, in 2011; and US$ 15 million in 2012. The ROK has historically proved amenable to the amendment of individual years within the term of an 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.

The twenty-five year Production Contract for East Zhagabulak was executed and received by the Company on July 28, 2010. The Company tendered two separate drilling rigs for drilling and associated services to begin in April 2011. Four initial drilling locations have been approved, two for the East Zhagabulak field and two wells offsetting a competitor's discovery at Sakramabas. All necessary permits are in place. A contract with a local gas utilization firm was signed during September 2010, which provides for a gas utilization plant to be constructed within 18 months of execution. A gas pipeline will be built to tie-in the East Zhagabulak field to the plant and enable gas produced at the field to be processed and conserved.

During the fourth quarter of 2010, 55% (1,909.1 square kms) of the North Block territory was surrendered pursuant to Amendment No. 5 of the Exploration Contract. Aral is required to make a geological allotment and set new boundaries for the territory, which must be approved by the ROK. Approval is expected at or about the close of the first quarter of 2011.

The Company is currently negotiating an arrangement with its Debenturesholders regarding the USD 16 million, 10% per annum, convertible debentures which matured on March 2, 2011. It is anticipated to restructure the existing Debentures as follows:

- Convert 44% of the principal plus accrued interest into common shares of the Company at a price of $0.19 per common share
- Amend the existing Debentures, to equal 56% of the cumulative principal plus accrued interest, with a conversion price of $0.28 per common share, a floor price (minimum conversion price) of $0.10 per common share and a 24 month maturity date
- Interest remains at 10% per annum, payable in cash quarterly, or at the election of the holders in stock at a 5% discount to 20 day Volume Weighted Average Price (VWAP) plus ½ share purchase warrant (2 year life) at a 30% premium to VWAP

Contributing to the independent nature of the composition of the Company's Board of Directors, Charles J. Summers, Chief Operating Officer, has resigned in his capacity as a Director, but continues in his employ as COO and President of Caspian Energy Ltd.

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

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CAUTIONARY NOTE

Some of the statements and information contained in this news release may include certain estimates, assumptions and other forward-looking information. The actual performance, developments and/or results of the Company 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 the Company, 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 the Company's filings with Canadian securities regulatory authorities and includes the satisfaction of all conditions precedent to the sale by Caspian of a 10% interest in Aral Petroleum Capital LLP ("Aral"), including 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 the Company 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. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

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