CASPIAN ENERGY INC.
ANNOUNCES FIRST QUARTER 2013 FINANCIAL RESULTS AND CORPORATE UPDATE

CALGARY – May 14, 2013 -- Caspian Energy Inc. (the "Company" or "CEK") (TSX: CEK) announced today its financial results for the quarter ending March 31, 2013. Its unaudited condensed interim consolidated financial statements for the quarter and related management's discussion and analysis have been filed with Canadian securities regulatory authorities and are available for viewing at www.sedar.com.

As this is the first fiscal quarter that the Company is reporting under the new IFRS pronouncements, more fully identified below, shareholders will notice significant changes in the numbers that had been previously reported for prior periods, but management wishes to direct readers to Note 14 of the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2013 and 2012, where the Company's 40% interest in Aral Petroleum Capital LLP is fully disclosed.

On January 1, 2013, the Company adopted new standards for IFRS 10, "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement" as well as consequential amendments to IAS 28 "Investments in Associates and Joint Ventures".

The adoption of IFRS 11 resulted in the deconsolidation of the Company's 40% proportionate share of Aral and the application of the equity method of accounting for the investment in Aral. Changes have been applied retrospectively in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", resulting in the restatement of prior period financial information.

Operational highlights

- The East Zhagabulak field was shutdown on January 1, 2013
- At Well 213, emergency operations, related to recovery of the lost pump and tubing have ceased, awaiting procurement of strengthened tear-proof drill pipe
- At Well 303, a permit for retesting has been obtained from the MOG (Minister of Oil and Gas)
- At Well 308, testing recommenced on March 29, 2013,
- At Well 315, a permit for retesting has been obtained from the MOG
- At WZ, Well 316 is scheduled to resume testing in early May 2013
- On April 29, 2013, a 2-D seismic survey commenced

Outlook 2013

- On January 14, 2013, the Company reported that the Exploration license which governs the majority of the acreage, commonly referred to as the North Block, has been extended for a further two years up until December 2014

- During fiscal 2013, transition from the "pilot" phase to the "production" phase of development at East Zhagabulak will commence

- To execute the innovative completion techniques and strategy of Mr. Roger Nutt, who believes that to achieve full potential from the Zhagabulak wells, each well must be perforated at the depths which will give access to the relevant fractures or karsts. Each perforated interval must then be mini-fractured and propped open, to allow the oil access from the reservoir to the well-bore perforations, through the cement around the casing. Instead of deliberately avoiding the natural fractures and permeability pathways in the rock – which has historically been the case in Zhagabulak – the new approach is to identify and selectively perforate these intervals, to allow the oil they contain to be recovered. See MD&A – "Business Prospects and Outlook" for a more detailed description.

Regulatory matters

- Between April 8 and April 12, 2013, Canadian securities regulatory authorities issued cease trade orders pertaining to the trading of the Company's securities as it had not filed its December 31, 2012 audited consolidated financial statements and management discussion and analysis. Such filings were made on April 23, 2013 and the Company believes that it is in compliance with its regulatory filings and the cease trade orders will be lifted.

- On February 8, 2013, the Company received a letter from the Toronto Stock Exchange (the "TSX"), which states that the "listing of CEK's shares on the main board of the TSX is under review with respect to meeting continued listing requirements". The Company was granted 90 days in which to regain compliance with these listing requirements, pursuant to the TSX's remedial review process. On May 7, 2013, the Company received an update from the TSX stating that the Continued Listing Committee has determined to defer its delisting decision until no later than June 10, 2013.

Financial highlights

- Comprehensive loss was $2,695,000 (1Q 2012: $767,000(***Restated***))

    - For the quarter ending March 31, 2013, CEK's comprehensive loss was $2,695,000, this compares to a comprehensive loss for the quarter ending March 31, 2012, of $767,000(***Restated***). Caspian recorded a loss of $2,273,000 (2012 $431,000(***Restated***)) pertaining to finance expense. Depletion and depreciation expenses were $1,000 and $1,000, respectively. Derivative fair value adjustment was equal to $208,000 during 2013 and $118,000 during 2012. CEK's operations used $104,000 in cash during 1Q 2013 and used $1,378,000(***Restated***) for the comparative period in 2012.

- At the close of the first fiscal quarter of 2013, Caspian had a working capital deficiency of $13.9 million. The Company's Convertible Debentures $13.0 million) are classified as a current liability as they are due this year.

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Operational performance

The East Zhagabulak field was shutdown on January 1, 2013, which continued through to March 29, 2013, while awaiting extension to the pilot production period. Verbal permission to extend the pilot production period, subsequent to March 29, 2013, was granted by the Committee of Geology and Subsoil, on that date. Based on this extension, the Work Group of the ROK Ministry of Oil and Gas approved the program of associated gas utilization, which permits gas flaring. Execution of the gas flaring permit, subsequent to obtaining the actual permit for emission of harmful substances into the atmosphere, is expected to occur prior to the close of the second quarter of this fiscal year. Production is expected to commence between the 1st and 15th of July, 2013.

During fiscal 2013, to transist from the "pilot" phase to the "production" phase of development at East Zhagabulak, the design and construction of the Technology Scheme of Field Development must be finalized. This is expected to occur prior to the close of the second fiscal quarter of this year.

At Well 213, emergency operations, related to recovery of the lost pump and tubing have ceased. To resume operations, strengthened tear-proof drill pipe, resistant to increased load during lifting, must be acquired, which process is underway.

On March 29, 2013, testing continued in Well 308, after obtaining verbal approval of the permit for extension to the pilot production period. On April 29, 2013, operations were suspended, as the testing permit expired.

The MOG and State Ecology Department granted a permit to test Well 306, which is valid until September 29, 2013. Testing is expected to commence in the 3rd quarter of 2013.

At Well 316 and Well 303, permits for retesting have been obtained from the MOG. The required permit to allow emissions into the environment is in the process of execution. The estimated date of receipt is early June 2013.

At Well 315, a permit from the MOG was obtained for testing during the period from September 6, 2013 to October 30, 2013. Obtaining a permit for emissions in the State Ecology Service is underway. Testing is expected to start in the 3rd quarter of 2013.

On April 29, 2013, a 2-D seismic survey commenced at the Taldyshoky, Itassay and Krykkuduk areas.

Outlook 2013

During the two year extension period, the operator is planning to perform Geological and Exploration operations on several prospective areas of the North block. Geological documentation has been prepared for the drilling of 4,950 metre deep wells in three pre-salt areas Baktygaryn, Aransay and North Mortuk. Further, 900 metre deep post wells in the Taldyshoky, Itassay, Krykkudul and other areas are contemplated. Additional 2D and 3D seismic shoots are expected prior to drilling. Invitation for tenders for 2D and 3D seismic operations in the Aransay and Kozdysay Areas have been published.

On March 11, 2013, Aral received confirmation from the MOG – ROK, that the Partnership will be permitted to propose an amendment, which is identified as Addendum No. 8, to Contract No. 1081, dated December 29, 2002, which governs work under the Exploration Licence, in the area known as the North Block. For undertaking to increase the annual financial commitment to USD 45.3 million, certain provisions under the License have been relaxed. The proposal is currently under review by the MOG and a decision is expected during the second quarter of 2013. As at March 31, 2013, Aral had incurred USD 5.2 million of qualifying expenditures.

This Geological and Exploration work is conducted in the expectation of the discovery of new oil pools in the North Block contract territory.

Funding

Aral Petroleum Capital LLP (Aral or APC), the operating entity in Kazakhstan, holds a 25-year production licence for East Zhagabulak and a three-year exploration permit for the larger North Block, an area of some 2,200 square kilometres in West-Central Kazakhstan that contains both East and West Zhagabulak.

The deal with Asia Sixth was signed November 1, 2010 and closed on December 29, 2011, with satisfaction of the last of several conditions precedent. Caspian now owns 40 per cent of Aral Petroleum Capital LLP, the operating entity in Kazakhstan, while Asia Sixth Energy Resources Limited owns 60 per cent of Aral.

Caspian, originally a 50 per cent owner in Aral, conveyed 10 per cent ownership to Asia Sixth in return for Asia Sixth's undertaking to finance capital expenditures to the cumulative threshold of US$80 million over the duration of the deal. Caspian also receives a US$2 million loan, secured by production-oriented cash flow, plus access to a further two million on each of the first two anniversaries of the transaction. This arrangement permits Caspian to access a total of US$6 million over two years, if the Company so decides. Loans have a maturity of 10 years and bear interest at 10 per cent per year for the first five years.

These loans, together with the US$80 million capital facility, ensure that Aral will have sufficient funds for the initial phase of the project in East Zhagabulak, though the program should become self-funding before the loan facility is fully expended.

On February 7, 2013, the Company entered into an Agreement with Asia Sixth, whereby Asia Sixth undertakes to provide the necessary resources and support to procure that Aral conducts testing work in accordance with Mr. Roger Nutt's (a consulting petrophysicist) innovative completion strategy.

Share structure

On January 9, 2013 1,286,684 common shares and 643,342 share purchase warrants were issued to satisfy the 4Q 2012 interest obligation on the Company's Convertible Debentures. The deemed price of the stock issued is $0.063769 per share and the warrant exercise price is $0.087263.

On April 11, 2013 1,974,420 common shares and 987,210 share purchase warrants were issued to satisfy the 1Q 2013 interest obligation on the Company's Convertible Debentures. The deemed price of the stock issued is $0.041602 per share and the warrant exercise price is $0.05693.

The Company's existing sources of financing and expected cash flow from operating activities are not sufficient to meet the Convertible Debentures plus accrued interest, totalling $12,969,000 on March 31, 2013, which mature on June 2, 2013.

The Company's ability to continue as a going concern is in significant doubt and is dependent upon achieving profitable operating results from its Kazakhstan operations. There are no assurances that these initiatives will be successful. See Note 1 to the Unaudited Condensed Interim Consolidated Financial Statements.

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. 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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