

## Caspian Energy Closes its Acquisition of the Remainder of Aral Petroleum

Calgary, Alberta (Canada) – May 20, 2015 – Caspian Energy Inc. (NEX: CKZ.H) (“**Caspian**” or the “**Company**”) is pleased to announce that it has completed its previously announced acquisition of all of the remaining interests in Aral Petroleum Capital LLP (“**Aral**”), the operating entity of the East Zhagabulak oil field [and North Block Licenses](#) in Kazakhstan, not already owned by the Company (the “**Transaction**”). The Transaction was completed pursuant to the share purchase agreement dated August 1, 2014, as amended November 11, 2014 (the “**SPA**”) between the Company, its wholly-owned subsidiary Caspian Energy Canada Limited, Asia Sixth Energy Resources Limited (“**Asia Sixth**”), Groenzee B.V. (“**Groenzee**”), a wholly-owned subsidiary of Asia Sixth, and four other parties (the “**Investors**”).

“Today’s closing marks the culmination of almost a year’s work on a comprehensive restructuring transaction which has truly transformed the organization and management of Caspian”, said Michael Nobbs, the Chairman of the Company’s board of directors (the “**Board**”). “I’d like to thank the entire Board, management and our team of legal and financial advisors for their contributions to this endeavour, as well as the Kazakhstan government and its Ministry of Energy for their continued support in these times that are challenging for all smaller exploration and production companies across the sector. I would also like to recognize and thank our resigning directors, being Brian Korney and Gordon Harris, long-standing directors and/or officers of the Company, and Paul Marchand and Ivan Andreev, for their service and contribution to the Company.”

“As a result of these efforts, Caspian now owns 100% of its investment in Aral (increasing its previous 40% ownership interest). In addition, the debt financing previously advanced to Aral by Asia Sixth has been consolidated, the Company has two significant institutional shareholders, The Sixth Energy Limited (“**Sixth Energy**”), a parent company of Asia Sixth and Meridian Capital International Fund (“**Meridian**”), a new management team for Caspian and a reconstituted Board is in place. Caspian also has access to an additional US\$2.5 million in short term funding under Aral’s existing loan facility with Sixth Energy (the “**Existing Loan Facility**”). As a result of these actions, the Company believes it is well positioned to focus on managing the future operations of its operating subsidiary, Aral.”

“Caspian’s goals remain the same: to explore, develop and produce oil and gas from the highly prospective North Block Licenses in Kazakhstan. As previously announced, operations at Aral were temporarily suspended due to the recent and dramatic worldwide collapse in crude oil prices. Prior to this collapse, Aral had recommenced production from the East Zhagabulak oil field and was projected to be in a position to produce positive cash flows from its operations through the production of approximately 1,300 barrels of oil per day from a fraction of Aral’s license areas. Today, the Company is being operated at the lowest possible overhead and with minimal capital expenditures. The Company believes that operations can be recommenced in short order as and when the Board determines that economic conditions will sustain profitable production. In the meantime, the management of Caspian and Aral will focus their attention to future activity on the greater North Block, to be ready to invest further capital in our exploration and development activities.”

The government of Kazakhstan consented to the Transaction and it has also been accepted by the NEX Board (the “**NEX**”) of the TSX Venture Exchange. The Company’s common shares remain open for trading on the NEX under the symbol “CKZ.H”.

As a result of the Transaction, the Managing Director of Aral, Chunming Ma, and the Finance Director of Aral, Yelena Teslenko, have been appointed as the Interim Chief Executive Officer and member of the Board, and Interim Chief Financial Officer of the Company, respectively.

In accordance with the shareholders' agreement, the Board has been reconstituted to include representatives from Asia Sixth and new independent directors, and is now comprised of: Michael Nobbs (Chairman), Frank Ingriselli, Baltabek Kuandykov, Chunming Ma (Interim CEO), Nodir Normatov, Shun Yu and Wei Zhao.

Biographical information regarding the management team and reconstituted Board is set out below:

- Chunming Ma: Mr. Ma is currently the General Director of Aral, a position that he has held since August 2013. Prior to that, he was the Vice President on Economic Affairs of Karazhanbasmunai in the Republic of Kazakhstan, from December 2012 to May 2013. From October 2010 to December 2012, Mr. Ma was the Financial Director of Karazhanbasmunai. Mr. Ma holds a Bachelors Degree in Accounting from Shangdong Economic University and a Masters Degree in Financial Management from Moscow State University of Economics, Statistics and Informatics.
- Yelena Teslenko: Mrs. Teslenko joined Aral effective November 1, 2014 as the Finance Director of Aral. Prior to joining Aral, she was chief accountant in Karazhanbasmunai JSC from August 2006 till December 2010 and Finance Director in Roxi Petroleum Kazakhstan from December 2010 till November 2014. Mrs. Teslenko holds a CPA from the New Hampshire Board of Accountancy.
- Michael B. A. Nobbs: Mr. Nobbs has, over the past 12 years, acted as an independent director and investment advisor to several public and private companies, generally in the oil, gas and alternative energy sectors. He has a 35 year track record in investment banking, with a focus on equities, mergers and acquisitions and project finance, and has held positions in London, New York and Los Angeles. He was Managing Director and senior credit officer for Citigroup/Citibank and Group Finance Director for Tishman International Companies, a global real estate development and investment business. In addition to Caspian, Mr. Nobbs has served as a director of a number of private, AIM-listed and TSX-listed companies, including GTI Resources Ltd., Ithaca Energy Inc., Plasco Energy Group Inc., Sound Oil plc, Illinois River Energy, LLC, and Mart Resources Inc. As a director, he has acted as Remuneration, Audit, Governance, Investment and Special Committee Chair. His recent activities include initial public offerings, company reorganizations, the structure of joint ventures, and work on both the AIM and the TSXV stock exchanges. Mr. Nobbs is a graduate of Trinity College, USA. He has been a director of the Company since 2010.
- Frank Ingriselli: Mr. Ingriselli has more than 36 years of experience in the energy industry. He is the founder, and currently serves as the Chairman and Chief Executive Officer of, PEDEVCO Corp., a New York Stock Exchange-listed energy company he founded in 2011. Mr. Ingriselli began his career at Texaco, Inc. in 1979, serving in various management roles including as President of Texaco International Operations Inc., President and CEO of the Timan Pechora Company (a company owned by affiliates of Texaco, Exxon, Amoco and Norsk Hydro, which was developing an investment in Russia), and in 2000 Mr. Ingriselli was appointed President of Texaco Technology Ventures, which was responsible for all of Texaco's global technology initiatives and investments. In 2001, Mr. Ingriselli retired from Texaco after its merger with Chevron, and in 2005, Mr. Ingriselli founded Erin Energy Corporation (formerly CAMAC Energy Inc.), an independent energy company where he served as its President, Chief Executive Officer and a member of its Board of Directors from 2005 to July 2010. Mr. Ingriselli currently sits on the Advisory Board of the Eurasia Foundation, a Washington D.C.-based non-profit that funds programs that build democratic and free market institutions in the new independent states of the former Soviet Union. Mr. Ingriselli graduated from Boston University in 1975 with a Bachelor of Science degree in Business Administration. He also earned a Master of Business Administration degree from

New York University in both Finance and International Finance in 1977 and a Juris Doctor degree from Fordham University School of Law in 1979.

- Baltabek Kuandykov: Mr. Kuandykov is currently President of Meridian Petroleum LLP, a privately held Kazakh oil & gas company. He was formerly President of Nelson Resources Limited, the oil development and production company operating in Kazakhstan which was listed on the Toronto Stock Exchange until its acquisition by Lukoil in 2005. Mr. Kuandykov has considerable experience in the oil and gas industry in the region, having served as President of Kazakhoil (predecessor of the Kazakh State oil company KazMunaiGas) and was a consultant to Chevron Overseas Petroleum on CIS projects. He also worked in a senior capacity for Kazneftegazrazvedka and was president of Kazakhstancaspishelf. Mr. Kuandykov also has extensive government experience in Kazakhstan, having served as Deputy Minister of Geology, Head of the Oil and Gas Directorate at the Ministry of Geology, and was Deputy Minister of Energy and Fuel Resources. Mr. Kuandykov is a Doctor of Geology and Mineralogy and is a member of International Academy of Mineral Resources and American Association of Petroleum Geologists.
- Nodir Normatov: Mr. Normatov is a private equity professional with 16 years of experience in investing in emerging and developed markets. He joined Meridian in 2004 as a Director of Corporate Finance and he currently is involved in managing the group's investments in oil and gas, mining, FMCG, infrastructure and real estate sectors. From 1998 to 2003, Mr. Normatov worked for European Bank for Reconstruction and Development in project finance and equity funds teams. From 1994 to 1998, he worked for Uzbekinvest National Export-Import Insurance Company covering political risk and export credit insurance. Mr. Normatov is a member of the board of Danone-Unimilk JV, the leading dairy producer in Russia. He is also a board member of "Food Union", the leading dairy producer in Latvia. In the past, Mr. Normatov served as a Chairman of the Board of JSC "Almaty International Airport". Mr. Normatov holds an M.Sc. in Finance degree from London Business School and a diploma in banking from Tashkent Institute of Finance.
- Shun Yu: Mr. Yu has been a director of Centuryline M&E Equipment and Engineering Company Limited. He has received a B.Sc. from Tsinghua University in Beijing, China, a M.Sc. from Columbia University in New York, an EMBA from Cheung Kong GSB in Beijing, China and a Ph.D. from the Chinese National Academy of Arts in Beijing, China.
- Wei Zhao: Mr. Zhao is the Chairman of Asia Sixth and has held this position since January 2010. From May 2000 to July 2010, he was the Purchasing Manager for MI Energy Corporation in Beijing. Mr. Zhao holds a degree in Financing Accounting from the Jilin Radio and TV University in Changchun, Jilin, China.

As a condition precedent to the Transaction, Sixth Energy and Meridian Capital CIS Fund, an affiliate of Meridian have provided a secured loan facility to Aral (the "**Loan Facility**"). In addition to other conditions, the completion of any draw-downs under the Loan Facility will be subject to the discretion of the lenders.

As of the date hereof, Aral has drawn approximately US\$7.5 million under the Existing Loan Facility, and has the right to draw approximately a further US\$2.5 million thereunder. The Existing Loan Facility will mature 36 months from the date hereof, and is expected to provide Aral with a source of financing to fund its operating expenditures in the near term. On the first draw-down under the Loan Facility, the balance owing under the Existing Loan Facility will be consolidated with the Loan Facility, resulting in Aral having access to up to US\$51.5 million in debt financing pursuant to the Loan Facility (assuming the full draw-down of the Existing Loan Facility prior to such time), which permits Aral to draw up to a maximum of US\$61.5 million.

In addition, immediately prior to the Transaction the outstanding balance of the US\$3 million loan (the “**Convertible Loan**”) advanced to Caspian by Meridian, Firebird Global Master Fund Holdings, Ltd. and Firebird Aurora Fund, Ltd., Firebird Republics Fund Ltd., Firebird Fund L.P., and Firebird New Russia Fund Ltd., (collectively, “**Firebird**”) has been converted into common shares of the Company.

As a result of the Transaction and conversion of the Convertible Loan, Sixth Energy directly owns approximately 33.4% of all issued and outstanding shares of Caspian. Meridian and Firebird will own 26.5% and 8.8% of Caspian, respectively, and the Investors will own, in the aggregate, 24.9%. Sixth Energy has also be granted convertible securities of Caspian, which are only exercisable by Sixth Energy upon the exercise or conversion of convertible securities previously issued by Caspian prior to the execution of the SPA and are subject to dilution following subsequent share issuances by the Company and other specified dilutive events post-closing. If all the convertible securities granted were exercised by Sixth Energy, Sixth Energy would hold a 34.1% interest in the Company.

The Transaction was approved by a majority of the votes cast by all Caspian shareholders entitled to vote at the Company’s annual and special meeting held on December 12, 2014, after excluding votes cast in respect of common shares held by any party whose votes may not be included in determining minority approval pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and the requirements of the TSXV and NEX.

For further information, please contact Caspian Energy Inc.:

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