

## **Caspian Energy Inc. Announces Increase and Extension to Short-Term Financing from Principal Shareholders**

Calgary, Alberta – November 4, 2014 – Caspian Energy Inc. (NEX: CKZ.H) (“Caspian”) announces that it has entered into an agreement (the “Amending Agreement”) to amend the existing convertible loan (the “Loan”) advanced pursuant to an agreement dated July 7, 2014 (the “Loan Agreement”) with its principal shareholders, Meridian Capital International Fund (“Meridian”) and Firebird Global Master Fund Holdings, Ltd. and Firebird Avrova Fund, Ltd. (collectively, the “Firebird Tranche 1 Lenders”), pursuant to which a second tranche of the Loan in the amount of US\$1.5 million (the “Second Tranche”) will be made, and the maturity date of the Loan will be extended to December 31, 2014. The lenders for the Second Tranche will be the Firebird Tranche 1 Lenders, as well as Firebird Republics Fund Ltd., Firebird Fund L.P., and Firebird New Russia Fund Ltd., (collectively, “Firebird”) and Meridian (together with Firebird, the “Lenders”). The purpose of the Loan, including the additional amount to be advanced under the Amending Agreement, 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. Much of the additional costs and expenses giving rise to the need for the Second Tranche have been incurred in connection with Caspian’s previously announced ongoing reorganization and recapitalization transaction, whereby Caspian would purchase (directly or indirectly) all of the equity interests in Aral Petroleum Capital LLP not already held by Caspian Energy Ltd. (the “Asia Sixth Transaction”).

Interest remains payable on outstanding amounts under the Loan at an annual rate of 12% per annum. Pursuant to the Amending Agreement, the principal outstanding and any interest accrued thereon is payable on the earliest of (i) December 31, 2014; (ii) the termination or non-fulfilment of any conditions specified in the share purchase agreement entered into by Caspian dated August 1, 2014 with respect to the Asia Sixth Transaction (the “SPA”), and (iii) the occurrence of an event of default under the Loan Agreement. Notwithstanding the foregoing, no interest will be deemed to have accrued or be payable in the event that the full principal amount outstanding is converted to equity prior to the repayment date.

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

Each of Meridian and the Tranche 1 Firebird Lenders have the right to convert outstanding principal amounts under the first tranche of the Loan (the “First Tranche”) into common shares of Caspian at a conversion price of Cdn.\$0.06 up to their pro rata share of US\$1,500,000, representing the original principal amount of the Loan. Each of the Lenders have the right to convert outstanding principal amounts under the Second Tranche into common shares at a conversion price of Cdn. \$0.07 up to their pro rata share of the additional US \$1,500,000 to be advanced under the Amending Agreement. All such amounts are subject to adjustment as provided in the Loan Agreement, as amended. The conversion price for future advances, if any, is subject to the policies of the NEX.

Caspian also agreed in the Amending Agreement to a right of first refusal in favour of the Lenders on any short-term financing until the earliest to occur of: (i) seven months from the date of the Amending Agreement; (ii) the closing of the Asia Sixth Transaction; or (iii) termination of the SPA, or failure to fulfill any conditions precedent specified in the SPA that have not been waived.

Meridian and Firebird Avrova Fund, Ltd. are related parties to Caspian by virtue of their substantial shareholdings in Caspian. Accordingly, the amendments contemplated by the Amending Agreement are 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”). Caspian is exempt from both the formal valuation and minority shareholder approval requirements of MI 61-101 in connection with the amendment on the basis of meeting the financial hardship exemption requirements of MI 61-101.

The Amending Agreement is subject to NEX approval.

Future advances under the Loan Agreement, as amended, 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) or \$0.07 per Common Share, as applicable.

The number of Common Shares issuable to Meridian and the Firebird Tranche 1 Lenders upon conversion of the First Tranche amount of US\$1.5 million, at a conversion price of Cdn.\$0.06 and an exchange rate of Cdn.\$1.0677 = US\$1.00, is 26,692,500, or approximately 19.86% of the issued and outstanding common shares of Caspian as at the date hereof.

Assuming that the full additional amount of the Second Tranche, being US\$1.5 million, is advanced under the Loan Agreement, as amended, the number of common shares issuable to the Lenders upon conversion of such additional amount (assuming a conversion price of Cdn.\$0.07 and an exchange rate of Cdn.\$1.1357 = US\$1.00) is 24,336,428, or approximately 18.10% of the issued and outstanding common shares of Caspian as at the date hereof. Together with the common shares issuable pursuant to the First Tranche, the number of shares issuable under the Loan Agreement in the aggregate, on the basis of the assumptions above, is 51,028,928, or approximately 37.96% of the issued and outstanding common shares of Caspian as at the date hereof. Upon closing of the Asia Sixth Transaction, all amounts outstanding pursuant to the Loan will be automatically converted into common shares of Caspian.

For further information, please contact Caspian Energy Inc.

Brian Korney  
Acting Chief Executive Officer and Chief Financial Officer  
403-513-3375

*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.*