CASPIAN ENERGY INC.
ANNOUNCES THIRD QUARTER 2012 FINANCIAL RESULTS AND CORPORATE UPDATE

CALGARY – November 5, 2012 -- Caspian Energy Inc. (the "Company" or "CEK") (TSX: CEK) announced today its financial results for the three and six months ending September 30, 2012. 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.

Operational highlights

- EZ well #301 is producing an average 300 barrels per day
- EZ well #308 with a daily oil production rate of 55 barrels with water cut equal to 86%, undergoing remedial work
- EZ well #315 reached 3760m and is drilling ahead to the target depth of 4,700m
- EZ well #213 was shut-in on June 6, 2012, fishing operations continue
- Gas flaring permit valid until September 29, 2013 has been granted by The RK MOG (Republic of Kazakhstan, Minister of Oil and Gas)
- On August 21, 2012, the Company announced the appointment of Mr. Roger Nutt as senior consultant to the Company

Outlook 2012

- Remedial recompletion procedures under consideration for implementation
- Completion of construction and commissioning of the gas pipeline to transfer gas to the Alibekmola Gas Processing Plant is expected to occur in Q4 12/Q1 13
- Concurrently, the pilot production stage will end and the development stage will begin in East Zhagabulak

Financial highlights

- Oil revenues before transportation costs $2,680,000 (2011: $1,737,000)
- Comprehensive loss was $7,175,000 (2011: gain - $2,120,000)
  - For the three months ending September 30, 2012, CEK's comprehensive loss was $1,640,000, this compares to a comprehensive gain for the three months ending September 30, 2011, of $5,066,000. Caspian recorded a gain of $729,000 (3Q 2011 charge - $300,000) pertaining to finance expense. Depletion, depreciation and accretion expenses were $195,000 and $612,000, respectively. Derivative fair value adjustment was equal to $971,000 during fiscal 2012 and $4,826,000 during fiscal 2011. CEK's operations provided $2,617,000 in cash during the three month period and provided $7,317,000 for the comparative quarter of 2011.

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Operational Performance

East Zhagabulak

Currently, well EZ #301 is producing an average 300 barrels of oil per day by natural pressure, after being permitted by regulators to return to production May 3, 2012 on the premise that both East Zhagabulak wells will begin capturing solution gas by year-end. EZ #213 is currently shut-in. Due to an electrical failure, the downhole pump in EZ #213 ceased working on June 6, 2012. Subsequently, while pulling the pump for remedial action, the cable broke resulting in fish in the hole. On September 2, 2012, during the fishing operation, the fish (39 pieces of tubing, 354 metres of cable and the electronic submersible pump) were "lost" and dropped to 4,211 metres. Fishing operations have resumed and should be complete by November 2012 month-end.

Completion of construction and commissioning of the gas pipeline to transfer gas to the Alibekmola Gas Processing Plant is expected to occur during December 2012. Concurrently, the pilot production stage will end and the development stage will begin in East Zhagabulak.

Well EZ #308 spud on July 16, 2011. Production casing was set to 4,775 metres. Electronic logging operations have identified substantial intervals of possible pay in the KT-I zone and an additional 88 metres of net pay in the KT-II. On March 26, 2012, the KT-II zone was perforated from 4,500 - 4,668 metres. Four horizons, consisting of 15 pay stringers, were perforated. Total thickness of the stringers is about 80 metres. The well was acidized in an attempt to stimulate production. A downhole pump was installed to lift fluid from the well bore. Currently, the daily oil production rate is 55 barrels with a water cut equal to 86%. Planning and remedial action are underway to "pinch-off" the formation water and increase the oil cut, which is expected to be completed by November 2012 month-end.

Well #306 spud on January 9, 2012. It is intended to delineate the southern extent of the discovery and further confirm the considerable value of the East Zhagabulak field. The geological conditions for Well #306 are the same as for the recently drilled Well #308, targeting the same hydrocarbon bearing horizons; KT-I at a depth of 3,360 to 3,879 metres and KT-II at 4,070 to 4,700m. Well #306 reached target depth during July 2012. Log results confirmed the presence of pay zones in both the KT-I and KT-II. Four prospective intervals were selected for testing with a total thickness of 145m. Two KT-II intervals were identified (4,605.9 - 4,661m and 4,557.4 - 4,585.9m). Additionally, an inter-carbonate, sedimentary stratum, in the interval 4,223.9 - 4,235m together with the KT-I horizon at the interval 3,563 - 3,667m will be tested. Production casing was set in the well to a depth of 4,780m.

Well #315 reached 3,760m and set second intermediate casing. The well is drilling ahead to the target depth, 4,700m.

On August 21, 2012, the Company announced the appointment of Mr. Roger Nutt as senior consultant to the Company. Mr. Nutt is a petrophysical consultant with 50 years experience in the industry specialising in wireline logging Mr. Nutt has now visited the Company's operations in the Republic of Kazakhstan and spent significant time analysing the data with assistance from Caspian and its partners Aral Petroleum Capital LLP's and Asia Sixth. Mr. Nutt was given access to all the information available on the logs, core data and Spectral Gamma Rays (SGR) from Wells 301, 302, 303, 306, 308 and 316.

West Zhagabulak

Sakramabas well #316 spud on July 22, 2011. This well encountered net pay zones aggregating 184.8 metres and equates to a new discovery well in the West Zhagabulak field of Kazakhstan.

Following successful logging, Well #316 has been cased to a depth of 4,950m. While testing the interval 4,346 - 4,352m, the well flowed at an estimated rate of 78 Bopd. Based on the results of testing, a submission was made to the RK MOG requesting the recognition of the discovery of a new oil pool. The RK MOG Expert Commission confirmed the discovery and requested Aral to prepare the necessary documents to extend the Exploration Contract in the North Block for an additional two years (2013 and 2014).

Testing is ongoing and Aral is engaged in preparing the necessary design-project documents for extension of the Contract.

The RK MOG (Republic of Kazakhstan, Minister of Oil and Gas), has granted a gas flaring permit valid until September 29, 2013. A further permit relating to the emission of harmful substances is expected by November 2012 month-end.

The rig which drilled Well #316 to total depth in the West Zhagabulak field, was immediately mobilized to East Zhagabulak, where it set surface casing on Well #315 on May 9, 2012. If successful, Well 315 will result in the material conversion of P3 (possible) reserves to P2 (probable) reserves.

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 1,549 square kilometres in West-Central Kazakhstan that contains both East and West Zhagabulak.

Pursuant to the pronouncements of IFRS, Caspian's convertible debentures constitute a financial liability with an embedded derivative (which is the conversion feature of this instrument). Revaluation of the derivative component of the Company's Convertible Debentures from the beginning of the fiscal year to quarter end has resulted in an unrealized gain equal to $1,156,000 as the fair value of the conversion option has decreased due to the deteriorating market value per share of the Company's common shares.

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.

Under the Exploration Agreement with the ROK, the approved work program calls for expenditures of US$25.8 million in 2011 and US$22.5 million in 2012. The various requirements of the work program agreed to with the Ministry of Oil and Gas for 2011, both in terms of functions and expenses, have been carried out by Aral. During 2011, Aral's total expenditures for the year exceeded the commitment, reaching a total of US$34.3 million. As at September 30, 2012, Aral had incurred US$33.2 million of qualifying expenditures.

Financial Performance

For the nine months ended September 30, 2012, Caspian's comprehensive loss was $7,175,000 (2011: income $2,120,000). Caspian recorded a charge of $2,306,000 (2011 - $1,354,000) pertaining to finance expense. Pursuant to the pronouncements of IFRS, Caspian's convertible debentures constitute a financial liability with an embedded derivative (which is the conversion feature of this instrument). Revaluation of the derivative component of the Company's Convertible Debentures from the start of this fiscal year to quarter end has resulted in an unrealized gain equal to $2,127,000 (2011: $4,826,000) as the fair value of the conversion option has decreased due to the deteriorating market value per share of the Company's common shares. Through to the end of Q3 2012, due to the fluctuation in the Canadian dollar versus the United States dollar and Kazakh Tenge, mostly unrealized foreign exchange losses of $2,098,000 were recorded (to the close of Q3 2011 – a gain of $2,413,000).

Depletion, depreciation and accretion expenses were $450,000 and $676,000 respectively. CEK's operations used $842,000 in cash during 2012 and provided $6,268,000 for 2011.

At the close of Q3 2012, Caspian had a working capital deficiency of $67.1 million. This figure reflects the pro rata addition of Aral's current liabilities. The Company's Convertible Debentures are now classified as a current liability as they are due in less than one year.

Oil revenues before transportation costs for the nine months ending Q3 2012 were $2,861,000 and for 2011 were $1,737,000. Operating costs were $1,783,000 and for the 2011 comparative period, operating costs were $1,091,000, while transportation expenses were $931,000 and $664,000, respectively. Administrative expenses for the same periods were $3,283,000 and $1,724,000, respectively. Included in the 2012 fiscal quarter, upon finalization of a legal settlement is $1,270,000 related to the Nabors Drilling lawsuit.

Share structure

On July 9, 2012, 636,364 common shares and 318,182 share purchase warrants were issued to satisfy Q2 2012 interest obligation on the Company's Convertible Debentures. The deemed price of the stock issued is $0.13443 per share and the warrant exercise price is $0.183957.

On October 2, 2012, 787,212 common shares and 393,606 share purchase warrants were issued to satisfy the 3Q 2012 interest obligation on the Company's Convertible Debentures. The deemed price of the stock issued is $0.102798 per share and the warrant exercise price is $0.140672.

The Company's existing sources of financing and expected cash flow from operating activities are not sufficient to meet: (i) the repayment of the Loans payable of $39,536,000; and (ii) the Convertible Debentures plus accrued interest, totalling $9,349,000 on September 30, 2012, 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 Condensed Interim Consolidated Financial Statements (Unaudited).

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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