

October 28, 2010

**CASPIAN ENERGY INC. – UPDATE TO THE AGREEMENT TO SELL 10% INTEREST IN  
ARAL PETROLEUM CAPITAL LLP AND AN INTERIM LOAN AGREEMENT  
TSX: CEK**

Calgary, Alberta: Caspian Energy Inc. (“**Caspian**”) is pleased to provide an update on the progress by its wholly-owned subsidiary, Caspian Energy Ltd. (“**CEL**”), to sell a 10% interest in Aral Petroleum Capital LLP (“**Aral**”) to AsiaStar Petroleum Limited (“**AsiaStar**”). CEL is currently in negotiations with Asia Sixth Energy Resources Limited (the “**Proposed Purchaser**”) to complete a sale of a 10% interest in Aral on substantially the same terms as contemplated by the documents previously executed by CEL and AsiaStar (the “**Proposed Sale Transaction**”). If the negotiations are successful, the documentation previously executed with AsiaStar will be terminated and released.

As a precursor to the finalization of the Share Purchase Agreement and Escrow Agreement, the Proposed Purchaser, CEL, Aral and another party have executed a facility agreement (the “**Facility Agreement**”) on October 22, 2010, pursuant to which the Proposed Purchaser will loan to Aral up to \$2M USD to pay expenses of Aral that have been approved by the Purchaser. Draws under the facility are subject to customary conditions for loans of this nature. The facility is non-revolving and available until the earlier of (i) the closing or termination of the Proposed Sale Transaction, or (ii) March 31, 2011, and is to be repaid in full on the first anniversary of the initial advance. Outstanding amounts bear interest at the rate of 15% per annum. The facility is secured by a pledge of Aral’s bank accounts and is guaranteed by each of CEL and another shareholder of Aral.

The Facility Agreement provides accelerated access to US\$ 2mm to Aral to permit the accomplishment of remedial action at East Zhagabulak. Such remedial action includes the addition of a downhole pump at Well EZ#301, which will significantly increase the production rate. Additionally, the electrical submersible pump installed in Well EZ#213 has failed and a workover program to correct the circumstance is awaiting funds to permit execution. Reprocessing of the 3-D seismic lines previously shot across the East Zhagabulak field to confirm future drilling locations, will be conducted prior to the spud date of future wells. Finally, bonus payments will be made to the Republic of Kazakhstan pertinent to the recent execution of the twenty-five year Production Contract.

As part of the Proposed Sale Transaction, it will be the Proposed Purchaser’s responsibility to endeavor to secure US\$ 80mm in debt financing for Aral for further exploration and development. If the Purchaser is able to arrange this debt financing, 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.

AsiaStar Petroleum Limited has agreed to be replaced by Asia Sixth Energy Resources Limited as the party to all agreements and contracts regarding this Transaction.

Mr. William Ramsay, the Chairman and CEO said, “We have been delayed in closing this Transaction as the parties have changed, but we are pleased with the progress of our negotiations with Asia Sixth and that they have agreed to fund Aral during the interim period.”

Caspian is an oil and gas exploration and development company, operating in Kazakhstan where it has a number of targets in the highly prospective Aktobe Oblast of Western Kazakhstan. The Company holds an exclusive licence which entitles it to explore and develop certain oil and gas properties known as the “North Block”, an area of 3,458 square km, and a production contract for the area known as “East Zhagabulak” through its interest in Aral.

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*Forward Looking Statements – Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of Caspian, including, but not limited to the satisfaction of all conditions precedent to the sale by Caspian of a 10% interest in Aral, including the ability of the Purchaser 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 the Purchaser, the impact of general economic conditions, industry conditions, currency fluctuations, and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.*