CASPIAN ENERGY INC.
ANNOUNCES SECOND QUARTER 2010 FINANCIAL RESULTS AND CORPORATE UPDATE

TORONTO, August 11, 2010 -- Caspian Energy Inc. (the "Company" or "CEK") (TSX: CEK) announced today its financial results for the three and six months ending June 30, 2010. Its interim unaudited financial statements for the period and related management's discussion and analysis have been filed with Canadian securities regulatory authorities and are available for viewing at www.sedar.com.

The twenty-five year Production Contract for the East Zhagabulak field was executed on July 28, 2010. The Contract stipulates export pricing on approximately 90% of production volumes. Progressively, the Company has initiated a tender for drilling and associated services pertinent to the first drilling locations. Four drilling locations have been approved for the East Zhagabulak field and all necessary permits are in place.

The Share Purchase Agreement, Escrow Agreement and Facility Agreement entered into with AsiaStar Petroleum Limited regarding the sale of a 10% stake in Aral have been executed and the arrangement is progressing toward closing. The successful completion of the aforementioned twenty-five year Production Contract discharged the most important Condition Precedent to closing this deal.

In addition to the AsiaStar avenue, Caspian is contemporaneously pursuing in-country (Kazakhstan) financing for two development wells, as well as an open-ended collective investment arrangement with Societe d'Investissement A Capital Variable, in Luxembourg, to promote the discharge of its contractual obligations in the ROK.
Although, for the three months ending June 30, 2010, CEK's net income (loss) and comprehensive income (loss) was $(4,253,607) and for the three months ending June 30, 2009, CEK's net income and comprehensive income was $1,346,971, non-cash charges, beyond the Company's influence, were the major components of these amounts. Mostly unrealized foreign exchange losses of $1,052,284 (prior period - a gain of $4,524,233) ,debentures interest charges of $460,393 (2Q 2009 - $602,985), $88,581 (2Q 2009 - $97,706) pertaining to accretion of the discount on its convertible debenturesand depletion, depreciation and accretion expenses of $1,592,988 and $1,370,424, respectively were recorded. Included in the 2Q 2010 loss were stock-based compensation charges equal to $529,295 relating to stock options granted (2Q 2009 - $166,470).

CEK's operations reduced the use of cash and consumed $743,463 in cash during the three month period as opposed to the use of $968,377 for the comparative quarter of 2009. At the close of 2Q 2010, Caspian had a consolidated working capital deficiency of $1.5 million; however, this figure reflects the pro rata addition of Aral's current liabilities. The Company had a cash balance of $1.9 million in Canadian accounts and domestic liabilities of $236,000.

Oil revenues before transportation costs during 2Q 2010 were $492,198 and for 2Q 2009 were $1,037,551. The Company sold an average 85 Bopd (2Q 2009 – 210 Bopd) at a price of $63.54 (2Q 2009 - $54.30), per barrel, net of ROK takes, during the quarter ended June 30, 2010. Daily field production rate average over the second quarter of 2010 was 340 Bopd. Caspian reports a

50% net interest. Production for the month of June 2010 (gross 356 Bopd) was inventoried and not recorded as a sale.

Caspian, through Aral, has a contractual commitment to expend US$ 24.5 million during calendar 2010 to discharge its exploration obligations pursuant to its exploration license with the ROK. To fund this circumstance, the Company is pursuing a farmout or sale of the North Block, which will result in an up-front cash payment plus an undertaking of the exploration and development obligations to earn a portion of the Company's interest. As at June 30, 2010, Aral had expended US$ 4.0 million toward discharging these obligations.

On February 23, 2010, the Company announced that it had entered into an agreement to sell a 10% interest in Aral Petroleum Capital LLP to AsiaStar Petroleum Limited. Caspian currently holds an aggregate 50% interest in Aral, which it operates as a joint venture together with Azden Management Limited. The sale of 10% of Aral equates to a disposition of 20% of Caspian's total interest in Aral. The agreement is subject to a number of conditions precedent that must be satisfied in order for the transaction to close, and also remains subject to the receipt of all regulatory approvals including without limitation the approval of the government of Kazakhstan.

As part of the transaction, it will be AsiaStar's responsibility to secure US$ 80MM in debt financing for Aral for further exploration and development. If AsiaStar 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.

In consideration of acquiring a 10% interest in Aral from Caspian, AsiaStar is required to enter into a facility agreement with Caspian which will provide for an advance of up to US$ 6MM in loans to Caspian in three, US $2MM tranches over a two year period. These loans will have a ten year term, and will bear interest at a rate of 10% per annum during the first five years and 18% per annum during the second five years. The loans are to be repaid from dividends received by Caspian from Aral.

On May 27, 2010, the Company closed a non-brokered private placement pursuant to which it issued 9,320,000 common shares at a price of $0.20 per share to raise gross proceeds of $1,864,000. The common shares issued in connection with the private placement are subject to a statutory hold period expiring on September 28, 2010. Proceeds from the private placement will be used for general corporate purposes and have been added to working capital.

The Company is an oil exploration and development corporation operating in the Republic of Kazakhstan.

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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 and includes the satisfaction of all conditions precedent to the sale by Caspian of a 10% interest in Aral Petroleum Capital LLP ("Aral"), including the ability of AsiaStar 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 AsiaStar, the impact of general economic conditions, industry conditions, currency fluctuation and dependence upon regulatory approvals. 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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