

October 15, 2009

CASPIAN ENERGY INC. TO HOLD SPECIAL MEETING OF SHAREHOLDERS

TSX: CEK

Calgary, Alberta: Caspian Energy Inc. (“Caspian” or the “Company”) announces today that it proposes to hold a special meeting of its shareholders on Tuesday, December 1, 2009 (the “Meeting”) to consider and, if thought fit, approve certain amendments to the terms of the Secured Convertible Debentures of the Company dated as of March 1, 2006 in the aggregate principal amount of US\$16,000,000 (the “Debentures”). The Debentures bear interest at a rate of 10% per annum (the “Interest Rate”) and mature on March 2, 2011. Interest accrues under the Debentures and is calculated on a monthly basis at the Interest Rate, which accrued interest is required to be either (i) added to the principal amount owing under the Debentures on a quarterly basis; or (ii) at the election of the holder of a Debenture, paid out to such holder on a quarterly basis in the form of either cash or common shares of the Company (“Common Shares”) at a deemed price equal to the greater of (A) \$1.75 per Common Share (subject to adjustment in accordance with the terms of the Debentures); and (B) the volume weighted average price (“VWAP”) of the Common Shares on the Toronto Stock Exchange (“TSX”) for the five trading days preceding the notice of the holder to elect to receive such Common Shares (the “Deemed Price”).

Following negotiations with the holders of the Debentures to identify alternative means by which interest payments owing under the Debentures may be satisfied in lieu of cash, the Company proposes to amend the terms of the Debentures to provide for the satisfaction of quarterly interest payments due thereunder as follows (collectively, the “Amendments”):

- (a) satisfaction of the interest payments of US\$130,644 due for the quarter ended March 31, 2009 in the form of Common Shares, calculated based upon a deemed price of \$0.03669 per share, being a 10% discount to the VWAP of the Common Shares on the TSX for such quarter;
- (b) satisfaction of the interest payments of US\$521,613 due for the quarter ended June 30, 2009 in the form of Common Shares, calculated based upon a deemed price of \$0.06057 per share, being a 10% discount from the VWAP per Common Share on the TSX from July 14 to July 21, 2009, inclusive;
- (c) satisfaction of the interest payments of US\$527,345 due for the quarter ended September 30, 2009 in the form of Common Shares, calculated based upon a deemed price of \$0.0652059 per share, being a 10% discount from the VWAP per Common Share on the TSX from July 1 to September 30, 2009, inclusive;
- (d) at the discretion of the holders of Debentures, all future quarterly interest payments up to and including those for the quarter ended June 30, 2010 (collectively, the “Remaining Quarters”) may be satisfied either in cash or by the issuance of Common Shares valued at a 10% discount to the VWAP of the Common Shares on the TSX for the particular quarter in question; and
- (e) in consideration of their agreement to accept Common Shares in lieu of cash payments in satisfaction of interest owing under the Debentures for any particular quarter, the Company shall also issue to the particular holder of the Debentures making such election such number of share purchase warrants (“Warrants”) that is equal to 10% of the aggregate number of Common Shares so issued to such Debenture holder for such quarter, each such Warrant entitling the holder thereof to purchase one additional Common Share at an exercise price equal to the deemed value

of the Common Shares issued in satisfaction of the interest owing for such quarter (ie. 10% discount to the VWAP for the particular quarter), for a period of two years.

A maximum of 110,124,431 Common Shares (exclusive of any Common Shares issuable upon exercise of any Warrants) and 11,012,443 Warrants shall be issuable pursuant to the above Amendments (the “Maximum Cap”). This Maximum Cap has been calculated on the basis of various theoretical assumptions concerning the exchange rate and applicable VWAP for each of the Remaining Quarters, and has been determined solely for the purpose of complying with applicable TSX requirements which specify that a maximum number of Common Shares and Warrants must be issuable pursuant to the Amendments for regulatory purposes. Accordingly, in order to provide for the greatest flexibility, the Company has calculated the Maximum Cap on the basis of conservative assumptions, including an assumed US/Canadian exchange rate of 1.25 and an assumed VWAP of 0.025 per Common Share for each of the Remaining Quarters. However, notwithstanding these assumptions made for the purpose of calculating the Maximum Cap, any actual issuances of Common Shares and Warrants during the Remaining Quarters pursuant to the Amendments shall be based upon the actual exchange rates and VWAPs applicable in respect of the particular quarter in question.

As additional consideration for the above Amendments, the Company also proposes to grant to RAB Octane (Master) Fund Limited (formerly RAB Octane Fund Limited) and RAB Energy Fund Limited (each holders of Debentures) the collective right to appoint a single nominee to serve on the board of directors of the Company. The Amendments remain subject to approval by the shareholders of the Company at the Meeting, as well as to the receipt of all applicable regulatory approvals. For further details concerning the Meeting and the Amendments to be considered thereat, please refer to the management information circular of the Company in respect of the Meeting to be filed on SEDAR at www.sedar.com.

The Amendments do not impact upon the payment of interest for any quarters subsequent to June 30, 2010, which will continue to remain subject to the original Debenture terms providing for the Debenture holders to elect to receive Common Shares in lieu of cash interest payments for such periods at the Deemed Price.

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, through a 50% stake in Aral Petroleum Capital LLP.

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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 impact of general economic conditions, industry conditions, currency fluctuations, and dependence

upon regulatory and shareholder 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.