

**Caspian Energy Inc.
(formerly Northway Explorations Ltd)**

Interim Results for six months to 31 July 2004

Caspian Energy Inc ('Caspian' or the 'Company'), an oil and gas exploration company operating in Kazakhstan, today announces interim results for Northway Explorations Ltd for the six months to 31 July 2004.

These results relate to Northway Explorations Ltd ("Northway), a junior natural resource exploration company that merged with Caspian in September 2004.

Revenue in the period, derived from interest and dividends on marketable securities as well as gains on the sale of marketable securities, amounted to CDN\$1.4 million and there was a loss on ordinary activities of CDN\$0.9 million.

In the period, the company's main focus was the completion of the proposed merger with Caspian, the details of which were announced in press releases dated June 17 and June 29, and fully described in the joint management circular of Northway and Caspian dated July 29.

During the six month period, Northway invested CDN\$3.4 million in Caspian, a private Ontario company. Northway's investment formed part of a US\$9.75 million private placement completed by Caspian. Through its acquisition of 50% of the outstanding shares of Closed Joint Stock Company Aral Petroleum Capital ("Aral"), Caspian acquired a 50% indirect interest in an oil and gas contract issued by the government of Kazakhstan to explore and develop certain oil and gas properties known as the "North Block" located in the Aktobe region of Kazakhstan and an interest in the currently producing well of Aral, in exchange for US\$9 million and common shares of Caspian. Following completion of the private placement by Caspian and the acquisition of 50% of the shares of Aral, Northway held approximately 14.9% of the outstanding common shares of Caspian.

On 16 September 2004 Caspian appointed William Ramsay as Chief Executive Officer. Mr Ramsay, former chairman of Nelson Resources, has 23 years of experience in the capital markets. Mr Ramsay was a director of Baring International Management from 1984 to 1990 and a director of Jardine Fleming Securities from

1991 to 1997. Since 1997 he has been primarily involved with private equity investments in central Asia concentrating on the resource sector.

On 16 September 2004 Charles Summers was appointed the Chief Operating Officer of Caspian. Mr Summers has primary responsibility for Caspian's operations in Kazakhstan. He has served for the past eight years as general manager in Kazakhstan for Kerr-McGee Oil & Gas Corporation where he ran Kerr-McGee's offices in Almaty and Aktau. Mr. Summers was the President of the Kazakhstan Petroleum Association for 2 years. Prior to 1995 he was operations manager for Kerr-McGee in the UK. Mr. Summers started his career with Sun Oil Company in the U.S. Gulf of Mexico in 1974 and held various jobs of increasing responsibility with Sun Oil and Oryx Energy in the US and internationally.

On 29 June 2004, on the completion of the acquisition of Aral, Northway and Caspian entered into a letter of intent to merge.

Since the period end, in September 2004, Northway and Caspian merged the two companies and Northway changed its name to Caspian Energy Inc.

Caspian also completed a pre-merger funding of approximately CDN\$51.98 million and was admitted to AIM on 21 September 2004. There are currently 82.573 million shares in issue.

Caspian is focused on oil and gas exploration in Kazakhstan, where it has a number of targets in the highly prospective Aktobe Oblast of Western Kazakhstan. It has the right to explore and develop certain oil and gas properties within the area known as the North Block, a 2,348 sq km area, located in the Kazakh Pre-Caspian basin. The North Block lies immediately adjacent to various producing fields, including the Alibekmola, Zhanazhol and Kenkiyak fields.

Aral has operated in Kazakhstan since December 2002 and has recently assembled a management team of both Kazakh and international executives who have extensive experience of the Kazakh operating and regulatory environment.

The Company intends to focus on the exploration and development of the North Block, with a view to proving up the maximum amount of reserves from the minimum number of wells. The Company intends to crystallise shareholder value either

through selected developments or through a targeted program of disposals at the appropriate stage of development of its assets in the North Block and may ultimately consider a potential disposal of all of its interests in the North Block.

3-D Seismic Program

Aral Petroleum Capital, the 50/50 joint venture with Caspian Energy Inc. and Azden Management, entered into an agreement on July 21, 2004, with Azimut Energy Services, to undertake a 410 square kilometer 3-D seismic acquisition program, covering a portion of the North Block contract area.

Azimut crews and equipment completed arrival on location on August 10, 2004 and performed set up and equipment testing with recording of seismic data beginning on August 16, 2004. Seismic acquisition in the area is complicated by the presence of the Emba River and large sand dunes. Progress of acquisition is proceeding on schedule and as of October 25, 2004 the crews have recorded approximately 60% of the total area and nearly 95% of the vibrator source area. Seismic data acquisition is scheduled to be completed by late-January 2005. An agreement with PGD Services, located in Almaty, Kazakhstan, has been entered into for the provision of seismic data processing and field processed data is being forwarded to PGD Services as it is completed. Processing of the seismic data is scheduled to be completed by late-March 2005.

2D Seismic Reprocessing Program

Across the North Block there is more than 9000 kilometers of 2-D seismic data acquired during the Soviet period. Of this data approximately 4000 kilometers are considered to be of quality high enough to be reprocessed for use in identifying potentially oil-bearing structures. In September, 2004, Aral Petroleum Capital, entered into an agreement, with OilGeo Consulting, to obtain this 2-D seismic data from government sources and reprocess and reinterpret it. Records of many of these 2-D data have now been identified and acquired and reprocessing has begun. It is estimated that this project will be completed in March 2005.

Production Operations

Current daily production is 56 tonnes/day from well 213. Construction for the temporary production facilities is nearing completion and is expected to be

commissioned on November 1, 2004. The new facility will have a maximum throughput capacity of 8000 tonnes per day. New living quarters for the field have been built and are expected to be shipped in November.

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