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CASPIAN ENERGY INC. -- Corporate Update

TORONTO, July 18, 2005 -- Caspian Energy Inc. (TSX/AIM: CEK) announced today that it has started drilling its first exploration well in the North Block of Kazakhstan. The well, which will be East Zhagabulak #301, is located in the northeast corner of the Zhagabulak Area and is in the same trend as the Company's producing well EZ #213. The Zhagabulak Area is located adjacent to Alibekmola, South Alibek, and Zhanazhol, which are all producing fields.

The well is scheduled to be drilled in about 100 days, and is permitted to 5200 meters. The drilling contractor is Nabors Drilling International Limited.

Caspian Energy Inc. is an oil exploration and development corporation operating in the Republic of Kazakhstan.

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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.