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3 March 2006

CASPIAN ENERGY INC.

(“Caspian”)

**CASPIAN ANNOUNCES
UNDERWRITTEN PRIVATE PLACEMENT**

Caspian Energy Inc. (TSX: CEK, AIM:CEK) is pleased to announce that it has entered into an underwritten, private placement financing agreement with a syndicate of underwriters led by Orion Securities Inc. and including Jones, Gable & Company Limited to issue 13,726,000 common shares of Caspian at a price of CAD\$2.55 per share for total gross proceeds of CAD\$35,001,300.

In addition, Caspian has granted the underwriters an option, exercisable in whole or in part prior to closing, to purchase up to an additional 5,883,000 common shares at a price of CAD\$2.55 per share, which would increase the size of the offering up to CAD\$50,002,950. Closing is conditional upon receipt of all necessary approvals including approval of the TSX and is expected on 22 March.

Caspian intends to use the proceeds of this financing to drill two wells on the Baktygaryn Block, to repay Aral Petroleum Capital for Caspian’s share of the bonus previously paid to Aral Capital and for general corporate purposes.

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CAUTIONARY NOTE

Certain statements contained in this press release constitute forward-looking statements. Forward-looking statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements in this press release include, but are not limited to, statements with respect to: the performance characteristics of the Company’s oil and natural gas properties; drilling plans and the timing and location thereof; plans for the exploration and development of the North Block;

plans for acid work and testing; the use of proceeds from the issue of the Debentures; and capital expenditure programs.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking statements contained in this press release. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this press release include, but are not limited to: volatility of oil and natural gas prices; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; geological, technical, drilling and processing problems; drilling and testing results, fluctuations in currency and interest rates; product supply and demand; risks inherent in the Company's foreign operations; changes in environmental and other regulations or the interpretation of such regulations; political and economic conditions in the Republic of Kazakhstan; the possibility that the financing will not close, and the other factors discussed in this press release and in the Company's filings with Canadian securities regulatory authorities which are available to the public at www.sedar.com.