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1 MARCH 2006

**CASPIAN ENERGY INC.
("Caspian" or the "Company")**

**Caspian Energy raises US\$16 million through
issue of Secured Convertible Debentures**

**TSX: CEK
AIM: CEK**

Caspian Energy Inc., an oil and gas exploration company operating in Kazakhstan, today announces the closing of its previously announced non-brokered private placement of US\$16 million in principal amount of secured convertible debentures (the "Debentures").

The Debentures bear interest at a rate of 10% per annum and mature on March 2, 2011.

Material Terms of the Debentures

The holders of the Debentures may convert the principal amount of the Debentures, in whole or in part (but subject to a minimum conversion of US\$0.25 million) and at any time and from time to time, into common shares of the Company at a conversion price of Cdn\$2.45 per share (the "Conversion Price"). The Conversion Price is subject to adjustment under certain circumstances, including in the event that Caspian completes an offering of securities at a price per common share, or having an exercise price or conversion price per common share, below the Conversion Price.

At any time after the second anniversary of closing, the Company may repay the principal amount of the Debentures, in whole or in part (but subject to a minimum repayment of US\$1 million) and from time to time, or require conversion of the principal amount of the Debentures, in whole or in part (but subject to a minimum conversion of US\$0.25 million) and from time to time, into common shares of the Company at a conversion price of Cdn\$2.45 per share if the volume-weighted average trading price of the common shares on the Toronto Stock Exchange (the "TSX") for the 40 consecutive trading days immediately prior to the issue of a written notice of conversion by Caspian is at least Cdn\$4.08 and the common shares issuable on the conversion are issued within 5 trading days of the date of the written notice of conversion.

Capitalized and accrued but unpaid interest on the Debentures is convertible at a conversion price equal to the greater of the Conversion Price and the volume-weighted average trading price of the common shares on the TSX for the 5 consecutive trading days immediately prior to the date of the notice of conversion provided by the holder or the Corporation, as the case may be.

The Debentures are secured by a general charge over the Company's assets and a pledge of the shares of its subsidiary, Caspian Energy Ltd.

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Notes to Editors

Caspian's principal assets are a 50% indirect interest in Aral Petroleum Capital LLP ("Aral"), held by Caspian Energy Ltd., and a temporary 100% beneficial interest in the currently producing well of Aral. Through its interest in Aral, Caspian has the right to explore and develop certain oil and gas properties in Kazakhstan, known as the North Block, a 3,458 square kilometre area located in the vicinity of the Kazakh pre-Caspian basin. The Company also has minor resource interests in Canada.