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21 JULY 2006

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

Test Results for East Zhagabulak #302

**TSX: CEK
AIM: CEK**

Caspian Energy Inc (the "Company"), an oil and gas exploration company operating in Kazakhstan, today announces that Aral Petroleum Capital LLP ("Aral"), in which the Company holds a 50% indirect interest, has completed a flow-test in the Zhagabulak Area in the southeast corner of the North Block.

The Company's second exploration well, East Zhagabulak #302, reached a total depth of 4950 meters (16240 feet) and perforated approximately 104.5 meters (342.6 feet) in Middle Carboniferous. The exploration well was acidized and tested in two intervals. Neither interval would sustain flow.

"While EZ #302 logs indicate hydrocarbons and we have recovered some oil, the well will not flow continuously" said Charles Summers, Caspian Energy Inc. Chief Operations Officer. "Although we hoped for a better outcome, we plan to change the stimulation programme for upcoming wells, in particular wells 213 and 303. The well, 302, will be shut in pending further evaluation".

Our third exploration location, EZ #303, approximately 5.2 km. southwest of well 302, is drilling at 3400 meters. The results of this well will be known at some point during the fourth quarter of 2006. There is a secondary target beneath the Carboniferous; therefore, the well was permitted to 5700 meters (18,696 feet).

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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.