

NOT FOR RELEASE, DISTRIBUTION OR PUBLICATION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES, AUSTRALIA OR JAPAN

5 JULY 2007

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

Operations Progress Report

**TSX: CEK
AIM: CEK**

Caspian Energy Inc, 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 the swabbing operation on well Zhagabulak #303 and that the KT-1 tested only formation water with no hydrocarbons. The well will be suspended pending further evaluation.

The Company is evaluating bids for its planned drilling campaign in the western side of the block. Drilling operations are expected to start in the third quarter and will focus on Baktygryn, Itisay, and Kozdesay areas in the post salt deposits.

Charles Summers, President, Caspian Energy, Inc. commented:

"Even though well 303 is 225 meters updip from our producing well 301, it has tested only water. We will return our focus to the northern side of the Zhagabulak Area where there are proven reserves, and the western side of the block to pursue shallower, less expensive targets."

For further information, please contact:

Bell Pottinger Corporate & Financial
Ann-marie Wilkinson/Algy Rowe 00 44 (0) 20 7861 3232

Jefferies International Ltd
Toby Hayward 00 44 (0) 20 7618 3500

CAUTIONARY NOTE

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.

The information in this release has been reviewed by Edgar Folmar, SPE, who is a qualified person for the purposes of the AIM Guidance Note for Mining, Oil and Gas Companies. Mr. Folmar, Director of Operations for Aral and a consultant for Caspian Energy Inc., is a qualified petroleum engineer and has over 20 years experience in oil and gas exploration and production.