

February 23, 2010

**CASPIAN ENERGY INC. - AGREEMENT SIGNED TO SELL 10% INTEREST IN ARAL
PETROLEUM CAPITAL LLP**

TSX: CEK

Calgary, Alberta: Caspian Energy Inc. (“**Caspian**”) is pleased to announce that its wholly owned subsidiary, Caspian Energy Ltd. (“**CEL**”), has entered into an agreement to sell a 10% interest in Aral Petroleum Capital LLP (“**Aral**”) to **AsiaStar Petroleum Limited** (the “**Purchaser**”). CEL currently holds an aggregate 50% interest in Aral, which it operates as a joint venture together with Azden Management Limited (“**Azden**”) which holds the remaining 50% interest in Aral. The sale of 10% of Aral equates to a disposition of 20% of CEL’s total interest in Aral. Pursuant to the agreement, CEL will sell a 10% interest in Aral to the Purchaser, and Azden will sell all of its 50% interest in Aral to the Purchaser, resulting in the Purchaser holding a 60% interest in Aral and CEL holding a 40% interest in Aral. The agreement is subject to a number of conditions precedent that must be satisfied during the next three months in order for the transaction to close, and also remains subject to the receipt of all regulatory approvals including without limitation, the approval of the Toronto Stock Exchange and approvals of the government of Kazakhstan.

As part of the transaction, it will be the Purchaser’s responsibility to secure US \$80MM in debt financing for Aral for further exploration and development. If the Purchaser is able to arrange this debt financing, this transaction will achieve several strategic imperatives. It will provide the funding necessary to develop the East Zhagabulak field, phase one of which envisages the immediate drilling of development wells. It will provide the funding required for a sustained exploratory drilling campaign in the Greater Zhagabulak, Baktygaryn, and Urikhtau areas, among others. Finally, it should ensure that Caspian will not have to provide additional funds for the activity in the North Block in the near term.

In consideration of acquiring a 10% interest in Aral from CEL, the Purchaser is required to enter into a facility agreement with CEL pursuant to which the Purchaser will, subject to the fulfillment of certain conditions precedent, advance up to US \$6MM in loans to CEL in three, US \$2MM tranches over a two year period. These loans will have a ten year term, and will bear interest at a rate of 10% per annum during the first five years and 18% per annum during the second five years. The loans are to be repaid from dividends received by CEL from Aral.

The agreement is conditional upon CEL and the Purchaser entering into a foundation agreement and charter to govern the affairs of Aral, the terms of which have been settled. Pursuant to the foundation agreement, CEL may be subject to cash calls following the expiration of the third anniversary of such agreement.

Mr. William Ramsay, the Chairman and CEO said, “We are fortunate to have found a party who we believe is able to arrange financing in these very difficult times. We hope this deal will enable us to unlock the value of East Zhagabulak, and continue our exploration program.”

Caspian is an oil and gas exploration and development company, operating in Kazakhstan where it has a number of targets in the highly prospective Aktobe Oblast of Western Kazakhstan. The Company holds an exclusive licence which entitles it to explore and develop certain oil and gas properties known as the “North Block”, an area of 3,458 square km, through its interest in Aral.

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Forward Looking Statements – Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of Caspian, including, but not limited to the satisfaction of all conditions precedent to the sale by Caspian of a 10% interest in Aral, including the ability of the Purchaser to meet its obligations under the foundation agreement to secure US\$80 million in debt financing for Aral, and the limited remedies available to the Company in the event of any such failure of the Purchaser, the impact of general economic conditions, industry conditions, currency fluctuations, and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.