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CASPIAN ANNOUNCES

- **SUCCESSFUL COMPLETION OF TWENTY-FIVE YEAR PRODUCTION CONTRACT WITH EXPORT PRICING**
- **CONTEMPORANEOUS SATISFACTION OF CRITICAL PRECEDENT TO CLOSING OF PREVIOUSLY ANNOUNCED ASIASTAR TRANSACTION**

Caspian Energy Inc (the “Company”) -**TSX: CEK**., 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 received a twenty five year production contract, for East Zhagabulak oil field, dated July 28, 2010, from the Ministry of Oil and Gas, .

East Zhagabulak

The East Zhagabulak structure is a low amplitude, north-south trending anticline, limited on the east and south by faults.

The tops of the KT-I and KT-II reservoir sections of the East Zhagabulak oil field are located at a depth range of 4100 to 4600 meters with and are composed of organic limestones and shales of Middle Carboniferous age. The numerous permeable intervals, separated by dense limestone stringers, range from 1 to 10 meters thick, reaching combined net pay thicknesses of more than 100 meters. Average porosity is 8% and average water saturation is 32%.

The oil produced from East Zhagabulak has an API gravity of 36 degrees and a solution GOR of 1,415 scf/stb. The reservoir has an H₂S content of 4%. The initial reservoir pressures range from 5601 psia at 4,199 m TVDSS in the KT-I to 8500 psia at 4,349 m TVDSS in the KT-II. Aquifer support is interpreted to be the drive mechanism but will require augmentation by water injection during the development phase.

The development of 2P reserves envisages the drilling of three new producers, beginning this year, with one expected to be converted to a water injection well in the future, along with the installation of water injection and gas utilization facilities at a total capital requirement of approximately 71 million undiscounted USD. The development for 3P reserves, consisting of an additional two new producers, with one expected to be converted to a water injection well in the future, for a total of seven producers, is expected to cost an additional 26 million undiscounted USD. Full development is expected by Year 2015 when peak production is estimated to reach 4,200 bopd. Estimated production rates do not include production from two wells prior to their conversion to injection wells.

Commenting on the production contract, William Ramsay, CEO, of Caspian said:

“The process of obtaining the 25 year production contract for East Zhagabulak oil field began in early 2009 and in October of 2009 we received the protocol defining the main terms of the production contract. Following receipt of the protocol, the approval process, having made its way through the many government ministries, is a crowning achievement for our partners and staff, and shows the commitment on the part of the Company and its partners in Aral to continue its efforts in establishing a bona fide and profitable oil and gas producing company in Kazakhstan.

Caspian believes the economics of the East Zhagabulak field are robust. Our plans are to begin immediately on proceeding with the development drilling program at East Zhagabulak

from which revenue from the increased production and export of oil from East Zhagabulak oil field will allow for further exploration pursuit of additional prospects already identified in the Company's "North Block" exploration contract area. The development of the infrastructure for East Zhagabulak has the additional benefit of establishing a core area that can be that can be utilized by future discoveries."

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CAUTIONARY NOTE

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 Petroleum Capital LLP ("Aral"), including the ability of AsiaStar 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 AsiaStar, the impact of general economic conditions, industry conditions, currency fluctuation 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.