



SIBERIAN ENERGY ENTERS INTO OPTION AGREEMENT WITH KEY BROKERAGE, INC., OWNER OF KONDANEFTEGAZ

New York, NY – 09/20/06 – Siberian Energy Group, Inc. (OTCBB: SIBN), a U.S.-based oil and gas exploration company, has entered into an Option Agreement with Key Brokerage, Inc., a Delaware corporation, the sole owner of Kondaneftegaz, LLC, a Russian limited liability company.

Kondaneftegaz, located in the heart of the major Russian oil-producing region in Western Siberia, Khanty-Mansiysk, was established in 2004 for the purpose of geological research and development of hydrocarbon deposits on the territory of the Khanty-Mansiysk region.

Under the terms of the agreement, Siberian Energy has the exclusive right for up to sixty (60) days from the date of the Option Agreement, subject to due diligence, to enter into a transaction with Key Brokerage whereby Siberian Energy would purchase seventy-five percent (75%) of the shares of Kondaneftegaz.

Between 2005 and 2006, Kondaneftegaz applied for ten (10) oil and gas licenses in the Khanty-Mansiysk region. The ten licenses will be proposed for distribution by the Russian government through a tender or an auction in 2006 and 2007. The total area of the five blocks expected to be auctioned/distributed in the first round equals 2,409 square kilometers (595 thousand acres). Per the Russian Ministry of Natural Resources, the total recoverable reserves on the five blocks are: 23 million barrels (category C1), 172 million barrels (C2), 14,273 million cubic meters of gas, and 16 million barrels of gas condensate.

Khanty-Mansiysk is one of the largest oil-producing regions of the world, and the number one producing province in the Russian Federation. The total amount of oil and gas condensate produced by Khanty-Mansiysk companies in 2005 amounted to 1.96 billion barrels.

About Siberian Energy Group

Siberian Energy is one of the few U.S.-based public oil and gas exploration companies with 100% of its assets located in West Siberia, Russia. The Company evaluates investment and acquisition opportunities in Russia and Eastern Europe with the goal of bringing a portfolio of natural resource licenses and operating companies to Western investors. Siberian Energy strives to provide an attractive ROI to shareholders by pursuing high-yield investment projects, reducing costs, and adhering to strict principles of transparency, disclosure and environmental consciousness. Additional information can be found at www.siberianenergy.com.

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FORWARD-LOOKING STATEMENTS: The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date thereof. Readers should carefully review the risks described in other documents the company files from time to time with the Securities and Exchange Commission, including Annual Reports, Quarterly Reports and Current Reports on Form 8-K.