



Siberian Energy Group Enters Joint Venture with Baltic Petroleum Limited to Explore and Develop Properties in Western Siberia

New York, NY – 10/27/2005 – Siberian Energy Group (OTC BB: [SIBN](#)) is delighted to announce a major corporate achievement in having successfully established the Joint Venture it announced May 26 with UK-based Baltic Petroleum Limited ("BPL"). The Joint Venture proposes to explore and develop its four petroleum license blocks in the Kurgan region of Siberia covering over 635,000 acres, and to bid for 7 new oil & gas licenses covering a further 465,000 acres.

Under terms of this Agreement, Siberian Energy Group has transferred its 100% ownership interest in OOO Zauralneftgaz, its Russian subsidiary ("ZNG"), holding these four licenses, to a newly created joint venture company, Zauralneftgaz Ltd ("ZL"). Siberian Energy Group will hold a 50% interest in ZL. Additionally, in exchange for operating ZL and funding ZNG's operations, BPL will hold the remaining 50% interest in ZL. Siberian Energy Group will have no further financing obligations for this joint venture company. This Joint Venture was arranged by Alternative Energy Finance Ltd (www.altenergyfin.com).

David Zaikin, Chairman and CEO of Siberian Energy Group, stated, "We have gained great respect for our new colleagues at Baltic Petroleum during these past months of due diligence. Baltic Petroleum's team of expert geologists and petroleum engineers have demonstrated strong expertise and commitment needed to successfully explore and develop these potentially major fields in Kurgan, Western Siberia."

Simon Escott, CEO of both Baltic Petroleum and ZL, enthusiastically stated, "We are very excited by the prospects of the Kurgan and keen to prove up its reserves. We look forward to working with our Russian partners for the benefit of all stakeholders in this venture."

Simon Escott, BPL's Chief Executive Officer, has over thirty years of experience in the Oil & Gas Sector having held senior consultancy positions in ESSO, BP, Phillips Petroleum, Elf, Pennzoil, Norsk Hydro, Saga Petroleum and the World Bank amongst others, and has significant experience of managing and operating start-up oil & gas projects and construction projects in Russia and the FSU.

BPL's management team has over one hundred and twenty years of experience in the oil & gas industry, many of which have been spent operating in Russia and the FSU working for major international oil companies and on World Bank Rehabilitation Projects 1 and 2. The management team, several of whose members have worked together for many years, has diversified experience including project management, construction, oil field development, transport & trading of oil & gas products, business development and engineering.

Baltic Petroleum's major shareholders are two specialist funds managed by RAB Capital Plc (www.rabcapital.com) with over \$ 2.2 billion under management as of June 2005.

Tim Pears, Managing Director of Alternative Energy Finance and Vice Chairman of Siberian Energy Group commented, "By concluding this joint venture Siberian Energy Group has gained a significant partner, while Baltic Petroleum has gained access to a wonderfully promising asset in a virgin territory. Investors should be pleased to have such a technically qualified, experienced and well-funded oil & gas venture to tackle the Kurgan fields."

ABOUT SIBERIAN ENERGY GROUP

Siberian Energy Group Inc. is an oil and gas exploration company, with offices in New York and Toronto. The Company's oil exploration licenses are located in Western Siberia, Russia, a region that currently accounts for 70% of Russia's production and 4% of world output.

Siberian Energy Group's focus is on developing its four Western Siberian licensed concessions, across over 635,000 acres, which were acquired through government auctions. In addition, Siberian Energy Group is constantly evaluating new mineral resource assets, both explored and unexplored, to further its growth.

For more information regarding Siberian Energy Group, please visit www.siberianenergy.com.

ABOUT BALTIC PETROLEUM LIMITED

UK-based Baltic Petroleum Limited is a recently formed privately held company that was established to enable UK and European investors to participate in energy exploration and production and other projects in the Russian Federation, please visit www.balticpetroleum.com.

For more details on the agreement between the parties please view the Form 8-K filed with the US Securities and Exchange Commission on October 27, 2005 at www.sec.gov.

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.

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