

Press release

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West Siberian Resources expands in Timano Pechora - acquires Russian oil company

West Siberian Resources Ltd has acquired CJSC "Nortoil" a Russian oil company operating in the Timano Pechora region. Through the acquisition West Siberian Resources adds proven and probable oil reserves of 138.9 million barrels under Russian classification. Following significant field development, the acquired assets are expected to produce approximately 25,000 barrels of oil per day.

West Siberian Resources Ltd has acquired all outstanding shares of CJSC "Nortoil" for USD 115 million, which was paid from existing cash and the assumption of debt. Nortoil holds the license to produce hydrocarbons from the Kolvinskoye oil field in the Timano Pechora region of Northern Russia.

The Kolvinskoye field was discovered in 1986 and is located approximately 200 km from West Siberians current operations at the Kharyaga fields. In total, 18 wells have been drilled in the field, out of which 8 contained proved hydrocarbons. Production from the field is scheduled to start in 2008 following significant investments in infrastructure and development drilling. The current development plan projects drilling 34 wells, constructing a pipeline for oil marketing, and establishing an oil processing facility in the field.

Through the acquisition, West Siberian Resources' Timano Pechora presence is significantly expanded. Oil production is expected to increase to approximately 25 000 barrels within three years from the production start. By that time, the company expects to be producing oil from four fields in the Timano Pechora region while also pursuing several exploration leads. The local headquarter in Usinsk will absorb Nortoil's operations, thus realising important synergies.

Nortoil's proven and probable oil reserves amount to 138.9 million barrels under Russian classification (C1+C2). Under SPE¹ classification, proven and probable oil reserves amount to at least 103 million barrels according to DeGolyer & McNaughton's (independent petroleum consultants) preliminary estimate. Based on most recent reserve reports, West Siberian Resources proven and probable oil reserves under Russian classification increase from 292 million barrels to 430.9 million barrels. Under SPE classification, proven and probable reserves preliminarily increase from 176 million barrels to 279 million barrels.

"We continue to consolidate in our operating regions and this is another step towards becoming a sizable independent Russian oil producer. In the past year our oil production has more than tripled. We are now adding meaningful oil reserves and strategic development opportunities at attractive cost." Maxim Barski West Siberian Resources Managing Director said in a comment.

For further information:

Maxim Barski, Managing director, West Siberian Resources Ltd., tel. +7 495 956 48 82
Eric Forss, Chairman, West Siberian Resources Ltd., tel. +46-8-613 00 85

Also visit www.westsiberian.com

West Siberian Resources Ltd is an independent oil company active in Russia. West Siberian's depository receipts are traded at First North of the Stockholm Stock Exchange under the symbol WSIB.

¹ Society of Petroleum Engineers