

Siberian Energy Group Inc.
Form 10-Q
November 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 000-53766

SIBERIAN ENERGY GROUP INC.
(Exact name of registrant as specified in its charter)

NEVADA 52-2207080
(State or other (IRS
jurisdiction of Employer
incorporation Identification
or No.)
organization)

275 Madison Ave, 6th Floor, New York, NY 10016
(Address of principal executive offices)

(212) 828-3011
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, and accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes No

As of November 19, 2010, the issuer had 18,705,585 shares of common stock, \$0.001 par value per share outstanding, which number does not include (a) 180,000 shares which the registrant has agreed to issue to its President, Helen Teplitskaia for services rendered during the months of July 2009 through December 2010, (b) an aggregate of 23,222,359 shares of common stock issuable in connection with and pursuant to the issuer’s entry into Debt Conversion Agreements with certain creditors of the Company in October 2010; and (c) 25,000 shares which the registrant has agreed to issue to The Investor Relations Group, Inc. in connection with its compliance with the stock transfer terms of a Leakout Agreement entered into in 2007, which shares have not been issued to date and have not been included in the total number of outstanding shares disclosed throughout this report.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING
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The Board of Directors and Stockholders
Siberian Energy Group Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Siberian Energy Group Inc. (a development stage company) as of September 30, 2010, and the related condensed consolidated statements of operations for the three and nine months ended September 30, 2010 and 2009, and the cumulative period of development stage activity (January 1, 2003 through September 30, 2010), and the condensed consolidated statements of stockholders' equity and cash flows for the nine months ended September 30, 2010 and 2009, and the cumulative period of development stage activity (January 1, 2003 through September 30, 2010). These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards of the Public Company Accounting Oversight Board, the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated April 9, 2010, we included an explanatory paragraph describing conditions that raised substantial doubt about the Company's ability to continue as a going concern. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

Lumsden & McCormick, LLP
Buffalo, New York
November 15, 2010

SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Balance Sheets

	(Unaudited)	
	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash	\$ 488	\$ 751
Prepaid expenses and other	586	569
	1,074	1,320
Investment in ZNG, Ltd., at equity	-	-
Investment in KNG, at equity	-	-
Oil and gas properties, unproved	-	-
Property and equipment, net	790	1,267
	\$ 1,864	\$ 2,587
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable:		
Related party - stockholders	\$ 555,325	\$ 523,906
Related party - Baltic Petroleum, interest at 14%	73,394	68,848
Others	755,290	606,831
Accrued payroll	1,400,507	1,152,054
	2,784,516	2,351,639
Stockholders' equity:		
Common stock - authorized 100,000,000 shares, \$.001 par value, 18,705,550 issued and outstanding	18,706	18,706
Additional paid-in capital	13,161,691	13,161,691
Accumulated deficit		
Pre-development stage	(449,785)	(449,785)
Development stage	(15,499,174)	(15,072,720)
Accumulated other comprehensive income (loss)	(14,090)	(6,944)
	(2,782,652)	(2,349,052)
	\$ 1,864	\$ 2,587

See accompanying notes.

SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Statements of Operations

	For the three months ended		For the nine months ended		For the cumulative period of Development Stage Activity- January 1, 2003 through September 30, 2010
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010
Revenues and other income:					
Management fees from joint venture	\$ -	\$ -	\$ -	\$ -	\$ 1,135,000
Gain from entrance into joint venture	-	-	-	-	364,479
Other	-	-	-	-	6,382
Total revenues and other income	-	-	-	-	1,505,861
Expenses:					
Salaries	80,900	92,663	245,400	276,189	4,051,258
Professional and consulting fees	49,809	61,814	168,353	176,174	5,262,294
Rent and occupancy	-	-	-	-	237,226
Depreciation and amortization	168	159	503	458	105,361
Finance charges and interest	1,584	1,752	5,004	5,451	124,108
Marketing and other	894	3,090	7,194	27,083	2,071,771
Total expenses	133,355	159,478	426,454	485,355	11,852,018
Loss from disposition of loan receivable - affiliate	-	-	-	-	29,500
Loss from sale of investment	-	-	-	-	669,570
Loss on deemed disposition of oil and gas properties, unproved	-	-	-	-	3,928,000
Impairment charge on investment	-	-	-	-	525,947

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Loss before income taxes	133,355	159,478	426,454	485,355	15,499,174
Provision for income taxes (benefit)	-	-	-	-	-
Net loss (development stage)	\$ 133,355	\$ 159,478	\$ 426,454	\$ 485,355	\$ 15,499,174
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (1.15)
Weighted average number of basic and diluted common shares outstanding	18,705,550	18,705,550	18,705,550	18,688,187	13,422,061

See accompanying notes.

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SIBERIAN ENERGY GROUP INC. (A
Development Stage Company)

Condensed Consolidated Statements of Stockholders' Equity

For the cumulative period of Development Stage Activity - January 1,
2003 through September 30, 2010

Common Stock		Additional Paid-In Capital	Accumulated	Accumulated Other Comprehensive	Comprehensive
Number of Shares	Par Value				