

Siberian Energy Group Inc.
Form 10-Q
November 13, 2009

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, 2009

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

The number of shares outstanding of each of the issuer’s classes of equity as of November 12, 2009, was 18,705,585 shares of common stock, par value \$0.001, and no shares of preferred stock, par value \$0.001.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING
FIRM

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, 2009, and the related condensed consolidated statements of operations for the three and nine months ended September 30, 2009 and 2008, and the cumulative period of development stage activity (January 1, 2003 through September 30, 2009), and the condensed consolidated statements of stockholders' equity and cash flows for the nine months ended September 30, 2009 and 2008, and the cumulative period of development stage activity (January 1, 2003 through September 30, 2009). 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, 2008, 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 March 31, 2009, 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, 2008 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 11, 2009

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SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Balance Sheets

	(Unaudited)	
	September 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash	\$ 758	\$ 739
Prepaid expenses and other	556	521
	1,314	1,260
Investment in joint venture, at equity	-	-
Investment in KNG, at equity	-	-
Loan receivable - affiliate	29,500	29,500
Property and equipment, net	1,406	1,783
	\$ 32,220	\$ 32,543
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable:		
Related party - stockholders	\$ 505,211	\$ 447,663
Related party - Baltic Petroleum, interest at 14%	67,316	62,771
Others	565,013	410,039
Accrued payroll	1,069,212	824,744
	2,206,752	1,745,217
Stockholders' equity:		
Common stock - authorized 100,000,000 shares, \$.001 par value, 18,705,550 and 18,645,550 issued and outstanding	18,706	18,646
Additional paid-in capital	13,150,228	13,112,299
Accumulated deficit		
Pre-development stage	(449,785)	(449,785)
Development stage	(14,891,959)	(14,406,604)
Accumulated other comprehensive income	(1,722)	12,770
	(2,174,532)	(1,712,674)
	\$ 32,220	\$ 32,543

See accompanying notes.

SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

	Condensed Consolidated Statements of Operations				For the
	For the three		For the nine		cumulative
	months ended		months ended		period of
	September	September	September	September	Development
	30,	30,	30,	30,	Stage
	2009	2008	2009	2008	Activity-
					January 1,
					2003
					through
					September
					30,
					2009
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	92,663	88,567	276,189	265,243	3,713,794
Professional and consulting fees	61,814	117,048	176,174	257,906	5,038,983
Rent and occupancy	-	3,636	-	14,101	237,226
Depreciation and amortization	159	224	458	685	104,695
Finance charges and interest	1,752	1,110	5,451	6,482	117,514
Marketing and other	3,090	9,449	27,083	45,880	2,062,091
Total expenses	159,478	220,034	485,355	590,297	11,274,303
Loss from sale of investment	-	669,570	-	669,570	669,570
Loss on deemed disposition of oil and gas properties, unproved	-	3,928,000	-	3,928,000	3,928,000
Impairment charge on investment	-	525,947	-	525,947	525,947
Loss before income taxes	159,478	5,343,551	485,355	5,713,814	14,891,959

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Provision for income taxes (benefit)	-	-	-	-	-
Net loss (development stage)	\$ 159,478	\$ 5,343,551	\$ 485,355	\$ 5,713,814	\$ 14,891,959
Basic and diluted loss per common share	\$ (0.01)	\$ (0.29)	\$ (0.03)	\$ (0.31)	\$ (1.21)
Weighted average number of basic and diluted common shares outstanding	18,705,550	18,478,030	18,668,187	18,423,431	12,315,131

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, 2009

	Common Stock Number of Shares	Par Value	Paid-In Capital	Additional Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Accumulated Comprehensive Total	Comprehensive Loss
Balance, January 1, 2003 (pre-development stage)	4,902,886	\$ 4,903	\$ 430,195	\$ (449,785)	\$ -	\$ (14,687)	
Loss for the year - 2003	-	-	-	(422,516)	-	(422,516)	\$ (422,516)
Shares issued in acquisition (ZNG)	1,000,000	1,000	(1,000)	-	-	-	
Balance, December 31, 2003	5,902,886	\$ 5,903	\$ 429,195	\$ (872,301)	-	\$ (437,203)	
Loss for the year - 2004	-	-	-	(833,567)	-	(833,567)	
Foreign currency translation adjustment	-	-	-	-	(53,120)	(53,120)	\$ (886,687)
Shares issued in acquisition (ZNG)	3,450,000	3,450	746,550	-	-	750,000	
Shares issued for professional services	50,000	50	9,950	-	-	10,000	
Other	-	-	34,426	-	-	34,426	
Balance, December 31, 2004	9,402,886	\$ 9,403	\$ 1,220,121	\$ (1,705,868)	\$ (53,120)	\$ (529,464)	
	-	-	-	(1,153,686)	-	(1,153,686)	

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Loss for the year - 2005							
Foreign currency translation adjustment	-	-	-	-	50,614	50,614	\$ (1,103,072)
Shares issued for professional services	385,000	385	197,829	-	-	198,214	
Shares issued for accrued salaries	1,700,000	1,700	301,871	-	-	303,571	
Warrants granted for professional services	-	-	310,000	-	-	310,000	
Balance, December 31, 2005	11,487,886	\$ 11,488	\$ 2,029,821	\$ (2,859,554)	\$ (2,506)	\$ (820,751)	
Loss for the year - 2006	-	-	-	(4,072,788)	-	(4,072,788)	
Foreign currency translation adjustment	-	-	-	-	(1,939)	(1,939)	\$ (4,074,727)
Shares issued for employee stock option plan and warrants	195,000	195	45,305	-	-	45,500	
Shares issued for geological data	1,900,000	1,900	3,323,100	-	-	3,325,000	
Shares issued for professional services	1,139,499	1,140	2,120,320	-	-	2,121,460	
Warrants granted for professional services	-	-	1,201,960	-	-	1,201,960	
Shares cancelled	(609,424)	(610)	610	-	-	-	
Balance, December 31, 2006	14,112,961	\$ 14,113	\$ 8,721,116	\$ (6,932,342)	\$ (4,445)	\$ 1,798,442	

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, 2009

	Common Stock Number of Shares	Par Value	Paid-In Capital	Additional Accumulated Deficit	Other Comprehensive Income (Loss)	Accumulated Comprehensive Total	Comprehensive Loss
Balance, December 31, 2006	14,112,961	\$ 14,113	\$ 8,721,116	\$ (6,932,342)	\$ (4,445)	\$ 1,798,442	
Loss for the year - 2007	-	-	-	(2,060,487)	-	(2,060,487)	
Foreign currency translation adjustment	-	-	-	-	(9,804)	(9,804)	\$ (2,070,291)
Shares issued for employee stock option plan and warrants	566,935	567	(567)	-	-	-	
Shares issued for geological data	200,000	200	349,800	-	-	350,000	
Shares issued for accrued salaries	788,000	788	1,444,618	-	-	1,445,406	
Shares issued for licenses	2,000,000	2,000	1,318,000	-	-	1,320,000	
Shares issued for professional services	715,134	715	1,070,395	-	-	1,071,110	
	-	-	150,394	-	-	150,394	

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Warrants granted for professional services							
Balance, December 31, 2007	18,383,030	\$ 18,383	\$ 13,053,756	\$ (8,992,829)	\$ (14,249)	\$ 4,065,061	
Loss for the year - 2008	-	-	-	(5,863,560)	-	(5,863,560)	
Foreign currency translation adjustment	-	-	-	-	27,019	27,019	\$ (5,836,541)
Shares issued for professional services and accrued salaries	155,000	155	41,595	-	-	41,750	
Warrants granted for professional services	-	-					