

Siberian Energy Group Inc.
Form 10-Q
November 19, 2008

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, 2008

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

For the transition period from _____ to _____

Commission file number: 333-118902

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

NEVADA 52-2207080
(State or (IRS
other Employer
jurisdiction of Identification
incorporation No.)
or
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 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 13, 2008, was 18,478,065 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, 2008, and the related condensed consolidated statements of operations for the three and nine months ended September 30, 2008 and 2007, and the cumulative period of development stage activity (January 1, 2003 through September 30, 2008), and the condensed consolidated statements of stockholders' equity and cash flows for the nine months ended September 30, 2008 and 2007, and the cumulative period of development stage activity (January 1, 2003 through September 30, 2008). 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, 2007, 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 14, 2008, 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, 2007 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 14, 2008

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SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Balance Sheets

	(Unaudited) September 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash	\$ 689	\$ 1,248
Prepaid expenses and other	572	4,285
	1,261	5,533
Investment in joint venture, at equity	-	-
Investment in affiliate, at equity	-	-
Oil and gas properties, unproved	-	5,248,000
Loan receivable - affiliate	29,500	-
Property and equipment, net	3,119	3,943
	\$ 33,880	\$ 5,257,476
Liabilities and Stockholders' Equity		
Current liabilities:		
Demand loan from stockholder, interest at 9%	\$ 10,000	\$ 10,000
Accounts payable:		
Related party - stockholders	445,023	370,500
Related party - Baltic Petroleum, interest at 14%	61,255	56,693
Others	357,741	213,854
Accrued payroll	762,541	541,368
	1,636,560	1,192,415
Stockholders' equity:		
Common stock - authorized 100,000,000 shares, \$.001 par value, 18,478,030 and 18,383,030 issued and outstanding	18,478	18,383
Additional paid-in capital	13,091,547	13,053,756
Accumulated deficit		
Pre-development stage	(449,785)	(449,785)
Development stage	(14,256,858)	(8,543,044)
Accumulated other comprehensive income (loss)	(6,062)	(14,249)
	(1,602,680)	4,065,061
	\$ 33,880	\$ 5,257,476

See accompanying notes.

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SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

	For the three months ended		For the nine months ended		For the cumulative period of Development Stage Activity- January 1, 2003 through September 30, 2008
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	September 30, 2008
Revenues and other income:					
Management fees from joint venture	\$ -	\$ 255,000	\$ -	\$ 615,000	\$ 1,135,000
Gain from entrance into joint venture	-	-	-	-	364,479
Other	-	-	-	-	6,382
Total revenues and other income	-	255,000	-	615,000	1,505,861
Expenses:					
Salaries	88,567	111,487	265,243	579,556	3,356,138
Professional and consulting fees	117,048	125,233	257,906	789,487	4,804,732
Rent and occupancy	3,636	11,893	14,101	34,462	237,226
Depreciation and amortization	224	142	685	357	104,037
Finance charges and interest	1,110	1,499	6,482	4,513	110,406
Marketing and other	9,449	182,410	45,880	521,420	2,026,663
Total expenses	220,034	432,664	590,297	1,929,795	10,639,202
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	5,343,551	177,664	5,713,814	1,314,795	14,256,858
Provision for income taxes (benefit)	-	-	-	-	-
Net loss (development stage)	\$ 5,343,551	\$ 177,664	\$ 5,713,814	\$ 1,314,795	\$ 14,256,858

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Basic and diluted loss per common share	\$	(0.29)	\$	(0.01)	\$	(0.31)	\$	(0.09)	\$	(1.27)
Weighted average number of basic and diluted common shares outstanding		18,478,030		16,130,204		18,423,431				