

Siberian Energy Group Inc.
Form 10QSB
May 15, 2007

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 2007

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 small business issuer as specified in its charter)

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

incorporation
or
organization)

275 Madison Ave, 6th Floor, New York, NY 10016

(Address of principal executive offices)

(212) 828-3011

(Registrant's telephone number)

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

As of May 10, 2007, 15,034,961, shares of Common Stock of the issuer were outstanding ("Common Stock").

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

Traditional Small Business Disclosure Format (Check One): Yes No .

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**SIBERIAN ENERGY GROUP INC.
(A Development Stage Company)**

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2007

**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 March 31, 2007, and the related condensed consolidated statements of operations, stockholders' equity, and cash flows for the three months ended March 31, 2007 and 2006, and the cumulative period of development stage activity (January 1, 2003 through March 31, 2007). 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, 2006, 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 28, 2007, 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, 2006 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
May 10, 2007

SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Balance Sheets

	(Unaudited)		December 31,
	March 31,		2006
	2007		
Assets			
Current assets:			
Cash	\$ 8,920	\$	1,435
Management fee receivable	55,000		110,000
Prepaid expenses and other	171,281		5,272
	235,201		116,707
Investment in joint venture	-		-
Oil and gas properties, unproved	2,700,000		2,700,000
Property and equipment, net	2,489		2,565
	\$ 2,937,690	\$	2,819,272
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable:			
Related party - stockholders	\$ 322,357	\$	362,166
Related party - Baltic Petroleum, interest at 14%	52,113		50,615
Others	214,108		459,561
Accrued payroll	357,698		1,011,788
	946,276		1,884,130
Stockholders' equity:			
Common stock - authorized 100,000,000 shares, \$.001 par value, 15,093,095 and 14,112,961 issued and outstanding	15,093		14,113
Additional paid-in capital	7,960,247		6,593,829
Accumulated deficit			
Pre-development stage	(449,785)		(449,785)
Development stage	(5,527,663)		(5,218,570)
Accumulated other comprehensive income (loss)	(6,478)		(4,445)
	1,991,414		935,142
	\$ 2,937,690	\$	2,819,272

See accompanying notes.

SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

**Condensed Consolidated Statements
of Operations**

For the three months ended March 31,	2007	2006	For the cumulative period of Development Stage Activity- January 1, 2003 through March 31, 2007
Revenues and other income:			
Management fees from joint venture	\$ 165,000	\$ 75,000	\$ 600,000
Gain from entrance into joint venture	-	-	364,479
Other	-	-	6,382
	165,000	75,000	970,861
Expenses:			
Salaries	83,643	33,311	1,961,710
Professional and consulting fees	202,388	155,716	2,852,034
Rent and occupancy	12,385	9,737	188,628
Depreciation and amortization	82	86	102,799
Finance charges and interest	1,499	3,848	59,875
Marketing and other	174,096	191,491	1,333,478
Total expenses	474,093	394,189	6,498,524
Loss before income taxes	309,093	319,189	5,527,663
Provision for income taxes (benefit)	-	-	-
Net loss (development stage)	\$ 309,093	\$ 319,189	\$ 5,527,663
Basic and diluted loss per common share	\$ (0.02)	\$ (0.03)	\$ (0.61)
Weighted average number of basic and diluted common shares outstanding	14,241,408	11,621,219	9,066,626

See accompanying notes.

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SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

**Consolidated Statements of
Stockholders' Equity**

For the cumulative period of Development Stage Activity - January 1, 2003 through March 31, 2007

Common Stock

	Number of Shares	Par Value	Additional Paid-In Capital
Balance, January 1, 2003 (pre-development stage)	4,902,886	\$ 4,903	\$ 430,195
Loss for the year - 2003	-	-	-
Shares issued in acquisition (ZNG)	1,000,000	1,000	(1,000)
Balance, December 31, 2003	5,902,886	\$ 5,903	\$ 429,195
Loss for the year - 2004	-	-	-
Foreign currency translation adjustment	-	-	-
Shares issued in acquisition (ZNG)	3,450,000	3,450	746,550
Shares issued for professional services	50,000	50	9,950
Other	-	-	34,426
Balance, December 31, 2004	9,402,886	\$ 9,403	\$ 1,220,121
Loss for the year - 2005	-	-	-
Foreign currency translation adjustment	-	-	-
Shares issued for professional services	385,000	385	138,365
Shares issued for accrued salaries	1,700,000	1,700	210,800
Warrants granted for professional services	-	-	217,000
Balance, December 31, 2005	11,487,886	\$ 11,488	\$ 1,786,286

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Loss for the year - 2006	-	-	-
Foreign currency translation adjustment	-	-	-
Shares issued for employee stock option plan and warrants	195,000	195	45,305
Shares issued for geological data	1,900,000	1,900	2,235,100
Shares issued for professional services	1,139,499	1,140	1,685,351
Warrants granted for professional services	-	-	841,177
Shares cancelled	(609,424)	(610)	610
Balance, December 31, 2006	14,112,961	\$ 14,113	\$ 6,593,829
Loss for three months - 2007			
Foreign currency translation adjustment			
Shares issued for geological data	200,000	200	285,800
Shares issued for professional services	780,134	780	1,080,618
Balance, March 31, 2007	15,093,095	\$ 15,093	\$ 7,960,247

See accompanying notes.

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	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Loss
\$	(449,785)	\$ -	\$ (14,687)	
	(422,516)	-	(422,516)	\$ (422,516)
-		-	-	
\$	(872,301)	-	\$ (437,203)	
	(833,567)	-	(833,567)	
	-	(53,120)	(53,120)	\$ (886,687)
	-	-	750,000	
	-	-	10,000	
	-	-	34,426	
\$	(1,705,868)	\$ (53,120)	\$ (529,464)	
	(882,151)		(882,151)	
	-	50,614	50,614	\$ (831,537)
	-	-	138,750	
	-	-	212,500	
	-	-	217,000	
\$	(2,588,019)	\$ (2,506)	\$ (792,751)	
	(3,080,336)	-	(3,080,336)	
	-	(1,939)	(1,939)	\$ (3,082,275)
	-	-	45,500	
	-	-	2,237,000	
	-	-	1,686,491	
	-	-	841,177	

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	-		-		-
\$	(5,668,355)	\$	(4,445)	\$	935,142
	(309,093)				(309,093)
			(2,033)	(2,033)	\$ (311,126)
	-				286,000
	-				1,081,398
\$	(5,977,448)	\$	(6,478)	\$	1,991,414

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SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Statements of Cash Flows

			For the
			cumulative
			period of
			Development
			Stage Activity-
			January 1, 2003
			through
			March 31,
			2007
For the three months ended March 31,	2007	2006	
Cash flows from operating activities:			
Net loss (development stage)	\$ (309,093)	\$ (319,189)	\$ (5,527,663)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Depreciation and amortization	82	86	102,799
Common stock and warrants issued for professional services and salaries	1,367,398	193,000	4,233,816
Gain from entrance into joint venture	-	-	(364,479)
Changes in other current assets and current liabilities:			
Prepaid expenses and other assets	(111,015)	(50,000)	(379,679)
Accounts payable and accrued expenses	(937,854)	152,658	2,937,114
Net cash flows from (for) operating activities	9,518	(23,445)	1,001,908
Cash flows from investing activities:			
Expenditures for licenses and related	-	-	(528,961)
Expenditures for oil and gas properties	-		