

Siberian Energy Group Inc.  
Form 10-Q  
August 20, 2012

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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 June 30, 2012

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-53766

(Exact name of registrant as specified in its charter)

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

330 Madison Ave, 6th Floor, New York, New York 10017  
(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 August 17, 2012, the issuer had 67,367,659 shares of common stock, \$0.001 par value per share outstanding.

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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 condensed consolidated balance sheet of Siberian Energy Group Inc. (a development stage company) as of June 30, 2012, and the related condensed consolidated statements of operations and comprehensive income for the three and six months ended June 30, 2012 and 2011, and the cumulative period of development stage activity (January 1, 2003 through June 30, 2012), and the condensed consolidated statements of stockholders' equity and cash flows for the six months ended June 30, 2012 and 2011, and the cumulative period of development stage activity (January 1, 2003 through June 30, 2012). These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the Public Company Accounting Oversight Board (United States), 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 reviews, 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 (United States), the consolidated balance sheet of Siberian Energy Group Inc. as of December 31, 2011, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 8, 2012, we expressed an unqualified opinion on those financial statements with 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, 2011 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  
August 20, 2012



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

Condensed Consolidated Balance Sheets	(Unaudited)	
	June 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash	\$747	\$874
Prepaid expenses and other receivables	265,445	220,932
Total current assets	266,192	221,806
Investment in ZNG, Ltd., at equity	-	-
Investment in KNG, at equity	-	-
Mineral properties, unproved	24,894,301	24,894,301
Oil and gas properties, unproved	-	-
Property and equipment, net	-	-
	\$25,160,493	\$25,116,107
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable:		
Related party - stockholders	\$446,631	\$375,793
Related party - Baltic Petroleum, interest at 14%	84,014	81,004
Others	159,430	111,031
Accrued payroll	527,673	420,173
Total current liabilities	1,217,748	988,001
Loan payable	694,487	624,348
Stockholders' equity:		
Preferred stock - authorized and unissued 10,000,000 shares, \$.001 par value	-	-
Common stock - authorized 100,000,000 shares, \$.001 par value, 67,367,659 issued and outstanding	67,368	67,368
Additional paid-in capital	40,159,038	40,159,038
Accumulated deficit:		
Pre-development stage	(449,785 )	(449,785 )
Development stage	(16,537,118)	(16,268,893)
Accumulated other comprehensive income (loss)	8,755	(3,970 )
Total stockholders' equity	23,248,258	23,503,758
	\$25,160,493	\$25,116,107

See accompanying notes.

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SIBERIAN ENERGY GROUP INC. (A Development Stage Company)

Condensed Consolidated Statements of Operations and Comprehensive Income

	For the three months ended		For the six months ended		For the cumulative period of Development Stage Activity- January 1, 2003 through June 30, 2012
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	
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	54,491	73,501	109,140	146,901	4,519,752
Professional and consulting fees	28,170	65,050	76,543	137,521	5,653,886
Rent and occupancy	-	-	-	-	239,989
Depreciation and amortization	-	-	-	-	105,502
Finance charges and interest	21,527	5,895	42,118	7,394	221,752
Marketing and other	7,094	3,535	10,028	17,420	2,123,961
Total expenses	111,282	147,981	237,829	309,236	12,864,842
Foreign currency exchange (gain) loss	68,641	(14,700 )	30,396	(14,700 )	25,120
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
Loss before income taxes	179,923	133,281	268,225	294,536	16,537,118
Provision for income taxes (benefit)	-	-	-	-	-
Net loss (development stage)	179,923	133,281	268,225	294,536	16,537,118
Other comprehensive loss, net of tax:					
Foreign currency translation adjustment	55,809	24	12,725	24	8,755
Comprehensive loss	\$ 124,114	\$ 133,257	\$ 255,500	\$ 294,512	\$ 16,528,363

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Basic and diluted net loss per common share	\$ (0.00	)	\$ (0.00	)	\$ (0.00	)	\$ (0.02	)	\$ (1.95	)
Weighted average number of basic and diluted common shares outstanding	67,367,659		37,139,881		67,367,659		18,803,018		8,501,678	

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 June 30, 2012

	Common Stock		Additional	Accumulated	Accumulated	
	Number of	Par Value	Paid-In	Accumulated	Other	
	Shares		Capital	Deficit	Comprehensive	Total
					Income	
					(Loss)	
Balance, January 1, 2003 (pre-development stage)	135,801	\$ 136	\$434,962	\$ (449,785 )	\$-	\$(14,687 )
Loss for the year - 2003	-	-	-	(422,516 )	-	(422,516 )
Shares issued in acquisition (ZNG)	14,286	14	(14 )	-	-	-
Balance, December 31, 2003	150,087	\$ 150	\$434,948	\$ (872,301 )	\$-	\$(437,203 )
Loss for the year - 2004	-	-	-	(833,567 )	-	(833,567 )
Foreign currency translation adjustment	-	-	-	-	(53,120 )	(53,120 )
Shares issued in acquisition (ZNG)	49,286	49	749,951	-	-	750,000
Shares issued for professional services	715	1	9,999	-	-	10,000
Other	-	-	34,426	-	-	34,426
Balance, December 31, 2004	200,088	\$ 200	\$1,229,324	\$ (1,705,868 )	\$(53,120 )	\$(529,464 )
Loss for the year - 2005	-	-	-	(1,153,686 )	-	(1,153,686)
Foreign currency translation adjustment	-	-	-	-	50,614	50,614