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POWDER RIVER BASIN GAS CORP  
Form 10QSB  
August 19, 2002

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

FORM 10-QSB

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

Commission file number 000-31945

For the quarter ended June 30, 2002

POWDER RIVER BASIN GAS CORP.  
(Exact name of small business issuer as specified in its charter)

P.O. Box 8717  
Denver CO 80201-8717  
(303) 573-7011  
(Address and telephone number of principal executive office)

Colorado  
(State of incorporation)

84-1521645  
(IRS Employer Identification No.)

Indicate by checkmark 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

As of June 30, 2002, 20,207,833 shares of common stock, \$0.001 par value, were outstanding.

Transitional Small Business Disclosure Format (check one):  Yes  No

PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Powder River Basin Gas Corp.  
Consolidated Balance Sheet (Unaudited)  
June 30, 2002

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ASSETS

CURRENT ASSETS

Cash	\$ 18,368
Accounts receivable	75,000
	-----
Total current assets	93,368

Oil and gas properties using full cost accounting	
Properties not subject to amortization	1,612,069
Accumulated amortization	-
	-----
Net oil and gas properties	1,612,069
	-----

Total assets	\$ 1,705,437
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 383,505
Related party payable	514,566
Notes payable	79,100
	-----
Total current liabilities	977,171
	-----

Total liabilities	977,171
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STOCKHOLDERS' EQUITY

Common stock, par value \$.001 per share; 50,000,000 shares authorized; 20,207,833 shares issued and outstanding	20,207
Capital in excess of par value	1,282,617
Retained earnings	(574,558)
	-----
Total stockholders' equity	728,266
	-----
Total liabilities and shareholders' equity	\$ 1,705,437
	=====

Powder River Basin Gas Corp.  
Consolidated Statement of Operations (Unaudited)  
For the Periods Ended June 30, 2002

Three Months	Six Months
-----	-----

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REVENUE		
Oil and gas sales	\$ -	\$ -
	-----	-----
Total revenue		
EXPENSES		
General and administrative	72,181	137,229
Lease operating costs	16,211	71,315
Legal and professional	19,633	43,270
Travel	1,400	9,216
	-----	-----
Total expenses	109,425	261,030
NET OPERATING LOSS	(109,425)	(261,030)
OTHER INCOME (EXPENSE)		
Interest expense	1	(502)
	-----	-----
NET LOSS	\$ (109,424)	\$ (261,532)
BASIC LOSS PER COMMON SHARE	\$ (0.01)	\$ (0.03)
	-----	-----
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	9,341,538	9,341,538
	=====	=====

Powder River Basin Gas Corp.  
Consolidated Statement of Stockholders' Equity (Unaudited)  
For the Period Ended June 30, 2002

Common Stock		Capitalin	Retained	T
-----	-----	Excess of	Deficit	Stoc
Shares	Amount	Par Value		Eq

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Balance at inception on June 13, 2001	-	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock issued for organization costs; \$0.001 per share	3,350,000	3,350	(3,350)	-	-	-
Common stock issued for services; \$0.001 per share	5,650,000	5,650	(5,650)	-	-	-
Reverse acquisition adjustment	9,960,000	9,960	(9,960)	-	-	-
Common stock issued for related party payable at \$0.81 per share	100,000	100	89,900	-	-	-
Common stock issued for cash at \$1.10 per share	600,000	600	664,390	-	-	6
Common stock issued for payable at \$1.00 per share	247,833	247	247,587	-	-	2
Net loss for the year ended December 31, 2002	-	-	-	(313,026)	(313,026)	(3)
Balance at December 31, 2001	19,907,833	19,907	982,917	(313,026)	(313,026)	6
Common stock issued for payable at \$1.00 per share	200,000	200	199,800	-	-	2
Common stock issued for cash at \$1.00 per share	100,000	100	99,900	-	-	1
Net loss for the period ended June 30, 2002	-	-	-	(261,532)	(261,532)	(2)
Balance at June 30, 2002	20,207,833	\$20,207	\$1,282,617	\$ (574,558)	\$ (574,558)	\$ 7

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Cash flows from operating activities	
Net income	\$ (261,532)
Adjustments to net income provided by operating activities:	
Common stock issued for services rendered	
Common stock issued for retirement of accounts payable	200,000
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(75,000)
(Decrease) increase in accounts payable	(141,389)
	-----
Net cash used in operating activities	(277,921)
	-----
Cash flows from investing activities	
Expenditures for oil and gas property development	(42,000)
	-----
Net cash used in investing activities	(42,000)
	-----
Cash flows from financing activities	
Proceeds from notes payable and long-term liabilities	235,966
Proceeds from issuance of common stock	100,000
	-----
Net cash provided by financing activities	335,966
	-----
Net decrease in cash and cash equivalents	16,045
Cash at beginning of period	2,323
	-----
Cash at end of period	\$ 18,368
	=====

### NOTE 1 - PREPARATION OF FINANCIAL STATEMENTS

The unaudited financial statements of Powder River Basin Gas Corp. for the period ended June 30, 2002, included herein have been prepared in accordance

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with generally accepted accounting principles and the rules and regulations of the Securities and Exchange Commission ("SEC") and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's latest Annual Report filed with the SEC on Form 10-KSB. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim period presented have been reflected herein. The results of operations for the interim period are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent year, 2001, as reported in the Form 10-KSB, have been omitted.

### NOTE 2 - ORGANIZATION

The Company was incorporated under the laws of Colorado on August 27, 1999 as Celebrity Sports Network, Inc. The principal activities since inception have been organizational matters and obtaining financing. The Company was formed in an effort to broaden the scope of public appearances available to current and former professional athletes. The Company, however, changed their operations in 2001 through a reverse acquisition with Powder River Basin Gas Corp., an oil and gas company.

Power River Basin Gas Corp. (PRBG) was incorporated in Colorado on June 13, 2001. The Company is engaged in the business of assembling and managing a portfolio of undeveloped acreage in the Powder River basin coal bed methane (CBM) play in Sheridan County, Wyoming. This acreage is located in a proven geological setting and near operators such as Western Gas Resources, Barrett Resources, Phillips Petroleum, J.M. Huber and others. The Company has leasehold interests in 8,096.83 net acres. Two wells have been drilled on one lease and eleven additional wells have been spudded.

Pursuant to a reverse acquisition and reorganization agreement, PRBG was acquired by Celebrity Sports on September 5, 2001. At the time of the acquisition, the Company changed its name to Power River Basin Gas Corp. and issued 9 million shares of common stock for all the issued and outstanding stock of PRBG; thus, making PRBG a wholly-owned subsidiary of the Company. Because PRBG is the accounting acquirer in the reverse acquisition, all financial history in these financial statements are that of PRBG.

The Company issued 9 million shares of common stock for 9 million shares of PRBG, therefore, an adjustment to the shares outstanding was necessary to reflect the other shareholders of the Company at the time of acquisition. No goodwill was recorded in the acquisition and the purchase method of accounting was used to record the transaction.

### NOTE 3 - OIL AND GAS PROPERTIES

The full cost method is used in accounting for oil and gas properties. Accordingly, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs, are capitalized. In addition, depreciation on property and equipment

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used in oil and gas exploration and interest costs incurred with respect to financing oil and gas acquisition, exploration and development activities are capitalized in accordance with full cost accounting. Capitalized interest for the quarter ended June 30, 2002 was \$0. All capitalized costs of proved oil and gas properties subject to amortization are being amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects not subject to amortization are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. As of June 30, 2002, proved oil and gas reserves had been identified on one of the Company's oil and gas properties, however, no extraction has begun; therefore, no amortization has been recorded for the period ending June 30, 2002. All other wells are incomplete as of June 30, 2002.

### NOTE 4 - COMMON STOCK

In January 2002, the Company issued 200,000 shares to satisfy debt associated with the acquisition of oil and gas leases at \$1.00 per share.

In February 2002, the Company authorized the issuance of 100,000 shares for cash of \$100,000 at \$1.00 per share, pursuant to a Reg. D 506 exempt offering.

### ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

#### CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

The Company is including the following cautionary statement to make applicable and take advantage of the safe harbor provision of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. This quarterly report on form 10QSB contains forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, future events or performance and underlying assumptions and other statements which are other than statements of historical facts. Certain statements contained herein are forward-looking statements and, accordingly, involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the

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Company to have a reasonable basis, including without limitations, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties, but there can be no assurance that management's expectations, beliefs or projections will result or be achieved or accomplished. In addition to other factors and matters discussed elsewhere herein, the following are important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements: the ability of the Company to respond to changes in the information system environment, competition, the availability of financing, and, if available, on terms and conditions acceptable to the Company, and the availability of personnel in the future.

### PLAN OF OPERATION

The Company's business strategy for the next twelve months includes focused acquisitions and drilling operations which may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, weather conditions and shortages or delays in equipment delivery. The Company has drilled two gas wells that will produce commercially viable gas resources once the appropriate infrastructure (i.e., pipeline) is in place. The Company plans on implementing its drilling plan and begin recognizing revenues during the fiscal year 2002.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital deficit on June 30, 2002 was \$883,803, resulting primarily from the use of accounts payable to finance the acquisition of leasehold interests in the Powder River Basin. The Company has no established revenue sources and continues to rely on loans from shareholders, sales of equity and other financing to sustain operations as a going concern. There is currently no agreement from any officer or shareholder to continue to provide working capital in order to maintain operations. The Company, however, anticipates that it will be able to raise the necessary funds to commence drilling operations on its leasehold properties during 2002.

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### CURRENT LIABILITIES

On June 30, 2002, the Company had approximately \$977,171 in current liabilities. Of this amount, approximately \$383,505 is due to various entities for the purchase of leasehold interests in the Powder River Basin and related expenses incurred by the Company. \$514,566 was due to Taghmen Ventures, Ltd. and Mr. Gregory C. Smith, Chairman of the Company; Mr. Smith is also the General Partner for Taghmen Ventures Ltd. These amounts represent funds advanced to the Company by Taghmen Ventures, Ltd. and Mr. Smith for working capital purposes. \$79,100 is due under a note payable to a sub-contractor of the Company in lieu of payment for services rendered.

### NEED FOR ADDITIONAL FINANCING FOR GROWTH

The growth of the Company's business will require substantial capital on a continuing basis, and there is no assurance that any such required additional capital will be available on satisfactory terms and conditions, if at all. The Company may pursue, from time to time, opportunities to acquire oil and natural gas properties and businesses that may utilize the capital currently



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expected to be available for its present operations. The amount and timing of the Company's future capital requirements, if any, may depend upon a number of factors, including drilling, transportation, and equipment costs, marketing expenses, staffing levels, competitive conditions, and purchases or dispositions of assets, many of which are not in the Company's control. Failure to obtain any required additional financing could materially adversely affect the growth, cash flow and earnings of the Company. In addition, the Company's pursuit of additional capital could result in the incurrence of additional debt or potentially dilutive issuances of equity securities.

The Company's ability to meet any future debt service obligations will be dependent upon the Company's future performance, which will be subject to oil and natural gas prices, the Company's level of production, general economic conditions and financial, business and other factors affecting the operations of the Company, many of which are beyond its control. There can be no assurance that the Company's future performance will not be adversely affected by such changes in oil and natural gas prices and/or production nor by such economic conditions and/or financial, business and other factors. In addition, there can be no assurance that the Company's business will generate sufficient cash flow from operations or that future bank credit will be available in an amount to enable the Company to service its indebtedness or make necessary expenditures. In such event, the Company would be required to obtain such financing from the sale of equity securities or other debt financing. There can be no assurance that any such financing will be available on terms acceptable to the Company. Should sufficient capital not be available, the Company may not be able to continue to implement its business strategy.

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### PART II: OTHER INFORMATION

#### ITEM 1: LEGAL PROCEEDINGS

NONE

#### ITEM 2: CHANGES IN SECURITIES

The Company effected the following transactions in reliance upon exemptions from registration under the Securities Act of 1933 as amended (the "Act") as provided in Section 4(2) thereof. Each certificate issued for unregistered securities contained a legend stating that the securities have not been registered under the Act and setting forth the restrictions on the transferability and the sale of the securities. No underwriter participated in, nor were any commissions or fees paid to any underwriter in connection with any of these transactions. None of the transactions involved a public offering. The Company believes that each person had knowledge and experience in financial and business matters which allowed them to evaluate the merits and risks of its securities; and that each person was knowledgeable about its operations and financial condition.

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In January 2002, the Company issued 200,000 shares of its common stock to a single recipient to satisfy debt associated with the acquisition of oil and gas leases at \$1.00 per share. This was a private placement made in reliance on Section 4(2) of the Act.

In February 2002, the Company issued 100,000 shares to a single shareholder for cash of \$100,000 at \$1.00 per share, pursuant to a Reg. D 506 exempt offering.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

NONE

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 5: OTHER INFORMATION

NONE

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

NONE

(b) Reports

Report on Form 8-K, as amended, Celebrity Sports Network, Inc., filed January 24, 2002; Change in Registrant's Certifying Accountant

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities and Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Powder River Basin Gas Corporation  
Registrant

By: /s/ Alex B. Campbell

-----  
Alex B. Campbell  
Chief Executive Officer and  
Chief Financial Officer

Date: August 19, 2002

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CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER OF  
POWDER RIVER BASIN GAS CORPORATION  
PURSUANT TO 18 U.S.C. SECTION 1350

I certify that, to the best of my knowledge, the Quarterly Report on Form 10-QSB of Powder River Basin Gas Corporation for the period ending June 30, 2002:

(1) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Powder River Gas Corporation.

/s/ Alex B. Campbell

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Alex B. Campbell  
Chief Executive Officer and  
Chief Financial Officer

August 19, 2002