GEOGLOBAL RESOURCES INC.
Form 10-Q
August 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2009;
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________.

Commission file number: 1-32158

GEOGLOBAL RESOURCES INC.
(Exact name of registrant as specified in its charter)

Delaware	33-0464753
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Suite #310, 605 – 1 Street SW, Calgary, Alberta, Canada	T2P 3S9
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code:	+1 403-777-9250

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 þ NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES o NO þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the

Exchange Act.

Large accelerated filer	Accelerated filer	þ 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 o NO þ

The number of shares outstanding of the registrant's common stock as of August 5, 2009 was 72,805,756

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
QUARTERLY REPORT ON FORM 10-Q

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2009	December 31, 2008
	(Unaudited)	
Assets		
Current		
Cash and cash equivalents	22,375,669	25,432,814
Accounts receivable	266,278	229,642
Prepaids and deposits	97,703	242,059
	22,739,650	25,904,515
Restricted deposits (note 4)	6,925,000	10,800,000
Property and equipment (note 5)	39,164,523	35,160,814
	68,829,173	71,865,329
Liabilities		
Current		
Accounts payable	3,548,052	4,847,513
Accrued liabilities	3,521,371	4,330,591
Due to related companies (note 11)	58,943	32,916
	7,128,366	9,211,020
Asset retirement obligation (note 6)	745,368	633,598
	7,873,734	9,844,618
Stockholders' Equity		
Capital stock		
Authorized		
100,000,000 common shares with a par value of $0.001 each		
1,000,000 preferred shares with a par value of $0.01 each		
Issued		
72,805,756 common shares (December 31, 2008 – 72,805,756)	58,214	58,214
Additional paid-in capital	87,556,739	84,554,673
Deficit accumulated during the development stage	(26,659,514)	(22,592,176)
	60,955,439	62,020,711
	68,829,173	71,865,329

See Going Concern (note 2), Commitments (note 13) and Contingencies (note 14).
The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008	Period from Inception, August 21, 2002 to June 30, 2009
Revenue and other income					
Oil sales	190,048	--	190,048	--	190,048
Interest income	83,933	242,849	198,029	691,851	5,759,606
Consulting fees recovered	--	--	--	--	66,025
Equipment costs recovered	--	--	--	--	19,395
Gain on sale of equipment	--	--	--	--	42,228
	273,981	242,849	388,077	691,851	6,077,302
Expenses					
Operating	83,271	--	83,271	--	83,271
General and administrative	886,573	664,689	1,719,742	1,169,977	9,338,754
Consulting fees	169,333	162,273	352,496	464,261	6,255,212
Professional fees	216,503	404,379	448,346	518,696	3,328,166
Accretion Expense	13,315	8,490	25,987	14,868	58,189
Depletion and depreciation	57,190	12,932	72,609	25,564	391,488
Impairment of oil and gas properties (note 5)	--	3,765,015	--	3,765,015	10,098,015
Foreign exchange (gain) loss	(5,762)	9,061	(1,036)	21,762	109,721
	1,420,423	5,026,839	2,701,415	5,980,143	29,662,816
Net loss and comprehensive loss for the period	(1,146,442)	(4,783,990)	(2,313,338)	(5,288,292)	(23,585,514)
Warrant modification (note 9)	(1,754,000)	--	(1,754,000)	--	(3,074,000)
Net loss and comprehensive loss applicable to common stockholders	(2,900,442)	(4,738,990)	(4,067,338)	(5,288,292)	(26,659,514)
Basic and diluted net loss per share (note 12)	(0.04)	(0.07)	(0.06)	(0.08)	
Weighted average common shares outstanding	67,805,756	67,205,755	67,805,756	67,205,755	

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Number of Shares #	Capital Stock $	Additional paid-in capital $	Accumulated Deficit $	Stockholders' Equity $
Common shares issued on incorporation - Aug 21, 2002	1,000	64	--	--	64
Net loss and comprehensive loss for the period	--	--	--	(13,813)	(13,813)
Balance at December 31, 2002	1,000	64	--	(13,813)	(13,749)
Capital stock of GeoGlobal at August 29, 2003	14,656,688	14,657	--	10,914,545	10,929,202
Elimination of GeoGlobal capital stock in recognition of reverse takeover	(1,000)	(14,657)	--	(10,914,545)	(10,929,202)
Common shares issued during 2003:					
On acquisition	34,000,000	34,000	1,072,960	--	1,106,960
Options exercised for cash	396,668	397	101,253	--	101,650
December 2003 private placement financing	6,000,000	6,000	5,994,000	--	6,000,000
Share issuance costs on private placement	--	--	(483,325)	--	(483,325)
Share issuance costs on acquisition	--	--	(66,850)	--	(66,850)
Stock-based compensation	--	--	62,913	--	62,913
Net loss and comprehensive loss for the year	--	--	--	(518,377)	(518,377)
Balance at December 31, 2003	55,053,356	40,461	6,680,951	(532,190)	6,189,222
Common shares issued during 2004:					
Options exercised for cash	115,000	115	154,785	--	154,900
Broker Warrants exercised for cash	39,100	39	58,611	--	58,650
Stock-based compensation	--	--	350,255	--	350,255
Net loss and comprehensive loss for the year	--	--	--	(1,171,498)	(1,171,498)
Balance at December 31, 2004	55,207,456	40,615	7,244,602	(1,703,688)	5,581,529
Common shares issued during 2005:					
Options exercised for cash	739,000	739	1,004,647	--	1,005,386
2003 Purchase Warrants exercised for cash	2,214,500	2,214	5,534,036	--	5,536,250
Broker Warrants exercised for cash	540,900	541	810,809	--	811,350
September 2005 private placement financing	4,252,400	4,252	27,636,348	--	27,640,600

Share issuance costs on private placement	--	--	(1,541,686)	--	(1,541,686)
Stock-based compensation	--	--	4,354,256	--	4,354,256
Net loss and comprehensive loss for the year	--	--	--	(3,162,660)	(3,162,660)
Balance at December 31, 2005	62,954,256	48,361	45,043,012	(4,866,348)	40,225,025
Common shares issued during 2006:					
Options exercised for cash	2,284,000	2,285	2,706,895	--	2,709,180
Options exercised for notes receivable	184,500	185	249,525	--	249,710
2003 Purchase Warrants exercised for cash	785,500	786	1,962,964	--	1,963,750
Share issuance costs	--	--	(74,010)	--	(74,010)
Stock-based compensation	--	--	3,012,514	--	3,012,514
Net loss and comprehensive loss for the year	--	--	--	(1,548,803)	(1,548,803)
Balance at December 31, 2006	66,208,256	51,617	52,900,900	(6,415,151)	46,537,366
Common shares issued during 2007:					
Options exercised for cash	317,500	317	320,358	--	320,675
June 2007 private placement financing	5,680,000	5,680	28,394,320	--	28,400,000
Share issuance costs on private placement	--	--	(2,612,973)	--	(2,612,973)
2007 Compensation Options	--	--	705,456	--	705,456
2005 Stock Purchase Warrant modification	--	--	1,320,000	(1,320,000)	--
2005 Compensation Option & Warrant modification	--	--	240,000	--	240,000
Stock-based compensation	--	--	1,522,996	--	1,522,996
Net loss and comprehensive loss for the year	--	--	--	(1,543,110)	(1,543,110)
Balance as at December 31, 2007	72,205,756	57,614	82,791,057	(9,278,261)	73,570,410

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)
(Unaudited)

	Number of Shares #	Capital Stock $	Additional paid-in capital $	Accumulated Deficit $	Stockholders' Equity $
Balance from December 31, 2007	72,205,756	57,614	82,791,057	(9,278,261)	73,570,410
Common shares issued during 2008:					
Options exercised for cash	600,000	600	659,400	--	660,000
Stock-based compensation	--	--	1,104,216	--	1,104,216
Net loss and comprehensive loss for the year	--	--	--	(13,313,915)	(13,313,915)
Balance as at December 31, 2008	72,805,756	58,214	84,554,673	(22,592,176)	62,020,711
Transactions during the period:					
Compensation option and warrant modification (note 9)	--	--	264,000	--	264,000
Stock purchase warrant modification (note 9)	--	--	1,754,000	(1,754,000)	--
Stock-based compensation (note 10)	--	--	984,066	--	984,066
Net loss and comprehensive loss for the period	--	--	--	(2,313,338)	(2,313,338)
Balance as at June 30, 2009	72,805,756	58,214	87,556,739	(26,659,514)	60,955,439

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30, 2009	Six months ended June 30, 2008	Period from Inception, August 21, 2002 to June 30, 2009
Cash flows provided by (used in) operating activities:			
Net loss	(2,313,338)	(5,288,292)	(23,585,514)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accretion expense	25,987	14,868	58,189
Asset impairment	--	3,765,015	10,098,015
Depletion and depreciation	72,609	25,564	391,488
Gain on sale of equipment	--	--	(42,228)
Stock-based compensation (note 10)	605,323	312,662	6,517,225
Compensation option & warrant modification (note 9)	264,000	--	504,000
Changes in operating assets and liabilities:			
Accounts receivable	(36,636)	(115,504)	(191,278)
Prepaids and deposits	144,356	35,656	(66,135)
Accounts payable	(12,728)	(181,754)	35,513
Accrued liabilities	(261,057)	(322,500)	100,601
Due to related companies	26,027	1,220	17,187
	(1,485,457)	(1,753,065)	(6,162,937)
Cash flows provided by (used in) investing activities:			
Oil and natural gas property additions	(3,611,792)	(7,452,611)	(41,442,127)
Property and equipment additions	--	(15,028)	(1,521,301)
Proceeds on sale of equipment	--	--	82,800
Cash acquired on acquisition	--	--	3,034,666
Restricted deposits	3,875,000	(5,263,738)	(8,095,000)
Changes in investing assets and liabilities:			
Cash call receivable	--	--	--
Prepaids and deposits	--	(41,332)	(31,568)
Accounts payable	(1,286,733)	(2,736,862)	3,463,531
Accrued liabilities	(548,163)	868,139	3,420,770
	(1,571,688)	(14,641,432)	(41,088,229)
Cash flows provided by (used in) financing activities:			
Proceeds from issuance of common shares	--	--	75,612,165
Share issuance costs	--	--	(4,073,388)
Changes in financing liabilities:			
Note payable	--	--	(2,000,000)
Accounts payable	--	--	61,078
Due to related companies	--	--	26,980
	--	--	69,626,835

Net increase (decrease) in cash and cash equivalents	(3,057,145)	(16,394,497)	22,375,669
Cash and cash equivalents, beginning of the period	25,432,814	48,134,858	--
Cash and cash equivalents, end of the period	22,375,669	31,740,361	22,375,669
Cash and cash equivalents			
Current bank accounts	222,308	396,046	222,308
Short term deposits	22,153,361	31,344,315	22,153,361
	22,375,669	31,740,361	22,375,669

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
June 30, 2009

1. Organization and Nature of Operations

The Company is engaged primarily in the pursuit of petroleum and natural gas through exploration and development in India. Since inception, the efforts of GeoGlobal have been devoted to the pursuit of Production Sharing Contracts with the Gujarat State Petroleum Corporation, Oil India Limited among others, and the Government of India and the development thereof. The Company is a Delaware corporation whose common stock is listed and traded on the NYSE Euronext Exchange under the symbol GGR.

On August 29, 2003 (the inception date), the Company commenced oil and gas exploration activities. As of June 30, 2009, the Company has not earned significant revenue from its oil and gas operations. Accordingly, the Company's activities are considered to be those of a "Development Stage Enterprise" as set forth in SFAS No. 7, "Accounting for Development Stage Entities." Among the disclosures required by SFAS No. 7 are that the Company's financial statements be identified as those of a development stage company. In addition, the statements of operations and comprehensive loss, stockholders equity (deficit) and cash flows are required to disclose all activity since the Company's date of inception. The Company will continue to prepare its financial statements and related disclosures in accordance with SFAS No. 7 until such time that the Company's oil and gas properties have generated significant revenues.

2. Going Concern

To date, the Company has not earned significant revenue from its operations and is considered to be in the development stage. The Company incurs negative cash flows from operations, and at this time all exploration activities and overhead expenses are financed by way of equity issuance and interest income. The recoverability of the costs incurred to date is uncertain and dependent upon achieving commercial production or sale.

The Company's ability to continue as a going concern is dependent upon obtaining the necessary financing to complete further exploration and development activities and generate profitable operations from its oil and natural gas interests in the future. The Company's financial statements as at and for the period ended June 30, 2009 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company during the six months ended June 30, 2009 incurred a net loss of approximately $2.3 million, used approximately $1.5 million of cash flow in its operating activities, used approximately $1.6 million in its investing activities and had an accumulated deficit of approximately $26.7 million. These matters raise doubt about the Company's ability to continue as a going concern.

The Company expects to incur expenditures to further its exploration programs and the Company's existing cash balance and any cash flow from operating activities may not be sufficient to satisfy its current obligations and meet its exploration commitments of $31.0 million over the next three years. The Company is considering various alternatives to remedy any future shortfall in capital. The Company may deem it necessary to raise capital through equity markets, debt markets or other financing arrangements, including participation arrangements that may be available for continued exploration expenditures. As a result of the current global financial crisis, there can be no assurance this capital will be available and if it is not, the Company may be forced to substantially curtail or cease exploration block acquisition and/or exploration expenditures.

As at June 30, 2009, the Company has working capital of approximately $15.6 million which is available for the Company's future operations. In addition, the Company has $6.9 million in restricted deposits pledged as security against the minimum work programs which will be released upon completion of the minimum work programs.

Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, commitments (as described in note 13) and contingencies (as described in note 14) in the normal course of operations, these condensed consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant.

These condensed consolidated financial statements do not reflect the adjustments or reclassifications of assets and liabilities that would be necessary if the Company is unable to continue as a going concern.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
June 30, 2009

3. Significant Accounting Policies

Basis of presentation
The accompanying condensed consolidated financial statements of the Company have not been audited and are presented in United States dollars unless otherwise noted and have been prepared by management in accordance with accounting principles generally accepted in the United States of America.

In the opinion of management, these condensed consolidated financial statements reflect all of the normal and recurring adjustments necessary to present fairly the financial position at June 30, 2009, the results of operations for the three and six months ended and the cash flows for the six months ended June 30, 2009 and 2008 and for the period from inception of August 21, 2002 to June 30, 2009. In preparing these accompanying condensed consolidated financial statements, management has made certain estimates and assumptions that affect reported amounts in the financial statements and related disclosures. The Company bases its estimates on various assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or circumstances.

Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in this Form 10-Q pursuant to certain rules and regulations of the Securities and Exchange Commission. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Recent Accounting Pronouncements
SFAS 141R – In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007) (SFAS 141R), "Business Combinations". SFAS 141R requires the acquiring entity in a business combination to recognize the assets acquired and liabilities assumed. Further, SFAS 141R also changes the accounting for acquired in-process research and development assets, contingent consideration, partial acquisitions, transaction costs and non-controlling interests. The Company adopted this new accounting standard on January 1, 2009. The adoption of SFAS 141R will impact future business combinations.

FSP 157-2 – In February 2008, the FASB issued FASB Staff Position on Statement 157, "Effective Date of FASB Statement No. 157, "(FSP 157-2). FSP 157-2 delayed the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed on a recurring basis, to fiscal years beginning after November 15, 2008. The Company's significant nonfinancial assets and liabilities include those reporting units measured at fair value in a goodwill impairment test, asset retirement obligations and non-financial assets acquired and liabilities assumed in a business combination. The Company adopted this new accounting standard on January 1, 2009. The adoption of FSP 157-2 did not have an impact on our financial statements.

FSP 157-3 – In October 2008, the FASB issued FASB Staff Position on Statement 157, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" (FSP 157-3). FSP 157-3 clarifies how SFAS 157 should be applied when valuing securities in markets that are not active by illustrating key considerations in determining fair value. It also reaffirms the notion of fair value as the exit price as of the measurement date. FSP 157-3 was effective upon issuance, which included periods for which financial statements have not yet been issued. The Company adopted this new accounting standard effective July 1, 2008. The adoption of FSP 157-3 did not have a material impact on our financial statements.

SFAS 160 – In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160 (SFAS 160), “Non-controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51.” Under SFAS 160, all entities are required to report non-controlling (minority) interests in subsidiaries as equity in the consolidated financial statements. In addition, transactions between an entity and non-controlling interests will be treated as equity transactions. The Company adopted this new accounting standard on January 1, 2009. The adoption of SFAS 160 did not have an impact on our financial statements.

SFAS 161 – In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 (SFAS 161), “Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133.” SFAS 161 expands disclosures for derivative instruments by requiring entities to disclose the fair value of derivative instruments and their gains or losses in tabular format. SFAS 161 also requires disclosure of information about credit risk-related contingent features in derivative agreements, counterparty credit risk, and strategies and objectives for using derivative instruments. The Company adopted this new accounting standard on January 1, 2009. The adoption of SFAS 161 did not have a material impact on our financial statements as the standard relates only to disclosures of items measured at fair value.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
June 30, 2009

3. Significant Accounting Policies (continued)

FSP FAS 107-1 and APB 28-1 – In April 2009, the FASB issued FASB Staff Position on FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" (FSP FAS 107-1 and APB 28-1). This FSP requires that the fair value disclosures required by SFAS 107 "Disclosures about Fair Value of Financial Instruments" be included for interim reporting periods. The Company adopted this new accounting standard effective April 1, 2009. The adoption of FSP FAS 107-1 and APB 28-1 did not have a material impact on the Company's financial statements.

FSP FAS 115-2 and FAS 124-2 – In April 2009, the FASB issued FASB Staff Position on FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP FAS 115-2 and FAS 124-2). This FSP amends the impairment guidance relating to certain debt securities and will require a company to assess the likelihood of selling the security prior to recovering its cost basis. Additionally, when a company meets the criteria for impairment, the impairment charges related to credit losses would be recognized in earnings, while non-credit losses would be reflected in other comprehensive income. The Company adopted this new accounting standard effective April 1, 2009. The adoption of FSP FAS 115-2 and FAS 124-2 did not have a material impact on the Company's financial statements.

FSP FAS 157-4 – In April 2009, the FASB issued FASB Staff Position on FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (FSP FAS 157-4). FSP FAS 157-4 provides guidance on determining when the trading volume and activity for an asset or liability has significantly decreased, which may indicate an inactive market, and on measuring the fair value of an asset or liability in inactive markets. The Company adopted this new accounting standard effective April 1, 2009. The adoption of FSP FAS 157-4 did not have a material impact on the Company's financial statements.

FSP FAS 141R-1 – In April 2009, the FASB issued FASB Staff Position on FAS 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" (FSP FAS 141R-1). FSP FAS 141R-1 requires that an acquirer recognize at fair value, at the acquisition date, an asset acquired or a liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of the asset or liability can be determined during the measurement period. The Company adopted this new accounting standard on January 1, 2009. This standard will be applied to future business combinations.

SFAS 165 – In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"), which establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. SFAS 165 is effective for interim or annual financial periods ending after June 15, 2009. The adoption of SFAS 165 did not have a material effect on the Company's financial statements.

SFAS 166 – In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140" ("SFAS 166"). SFAS 166 seeks to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows;

and a transferor's continuing involvement, if any, in transferred financial assets. Specifically, SFAS 166 eliminates the concept of a qualifying special-purpose entity, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarifies other sale-accounting criteria, and changes the initial measurement of a transferor's interest in transferred financial assets. SFAS 166 is effective for annual reporting periods beginning after November 15, 2009. The Company is currently evaluating the impact the adoption of SFAS 166 will have on our financial position and results of operations.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
June 30, 2009

3. Significant Accounting Policies (continued)

SFAS 167 – In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167"). SFAS 167 amends FASB Interpretation No. 46(R), "Consolidation of Variable Interest Entities" for determining whether an entity is a variable interest entity ("VIE") and requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a VIE. Under SFAS 167, an enterprise has a controlling financial interest when it has (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. SFAS 167 also requires an enterprise to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining whether it has power to direct the activities of the VIE that most significantly impact the entity's economic performance. SFAS 167 also requires ongoing assessments of whether an enterprise is the primary beneficiary of a VIE, requires enhanced disclosures and eliminates the scope exclusion for qualifying special-purpose entities. SFAS 167 is effective for annual reporting periods beginning after November 15, 2009. The Company is currently evaluating the impact the adoption of SFAS 167 will have on our financial position and results of operations.

SFAS 168 – In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards CodificationTM and Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162" ("SFAS 168"). SFAS 168 establishes the FASB Standards Accounting Codification ("Codification") as the source of authoritative GAAP recognized by the FASB to be applied to nongovernmental entities and rules and interpretive releases of the SEC as authoritative GAAP for SEC registrants. The Codification will supersede all the existing non-SEC accounting and reporting standards upon its effective date and subsequently, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. SFAS 168 will become effective for the Company's third quarter of 2009. The Codification is not intended to change existing GAAP. Accordingly, the Company does not anticipate any impact on its consolidated financial statements.

4. Restricted Deposits

The Company's PSCs relating to exploration blocks onshore and offshore India contain provisions whereby the joint venture participants must provide the Government of India a bank guarantee in the amount of 35% of the participant's share of the minimum work program for a particular phase, to be undertaken annually during the budget period April 1 to March 31. These bank guarantees have been provided to the Government of India and serve as guarantees for the performance of such minimum work programs and are in the form of irrevocable letters of credit which are secured by term deposits of the Company in the same amount.

The term deposits securing these bank guarantees are as follows:

	June 30, 2009	December 31, 2008
	$	$
Exploration Blocks - India		
Mehsana	160,000	160,000
Sanand/Miroli	1,300,000	1,300,000

Ankleshwar	1,490,000	1,490,000
Tarapur	940,000	940,000
DS 03	450,000	450,000
DS 04	215,000	215,000
KG Onshore	1,475,000	3,695,000
RJ 20	490,000	1,475,000
RJ 21	405,000	1,075,000
	6,925,000	10,800,000

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5. Property and Equipment

The amounts capitalized as oil and natural gas properties were incurred for the purchase, exploration and ongoing development of various properties in India.

	June 30, 2009 $	December 31, 2008 $
Oil and natural gas properties (using the full-cost method)		
Proved properties	5,268,846	--
Unproved properties	43,016,110	44,182,707
Total oil and natural gas properties	48,284,956	44,182,707
Building	889,609	889,609
Computer, office and other equipment	548,893	548,893
Total property and equipment	49,723,458	45,621,209
Impairment of oil and natural gas properties	(10,098,015)	(10,098,015)
Accumulated depletion and depreciation	(460,920)	(362,380)
Total property and equipment, net	39,164,523	35,160,814

The Company’s oil and natural gas properties consist of contract interests in 10 exploration blocks held in India.

The Company has capitalized $650,976 (June 30, 2008 - $658,626) of general and administrative expenses directly related to exploration activities, including $378,743 (June 30, 2008 - $303,711) of stock-based compensation expense. In addition, the Company has capitalized $25,931 (June 30, 2008 - $Nil) of support equipment depreciation.

Impairment of Oil and Gas Properties
The Company performed a ceiling test calculation at June 30, 2009, to assess the ceiling limitation of its proved oil properties. The price of crude oil was $66.42 and is based upon the Nigeria Bonny Light bench mark. At June 30, 2009, the Company’s net capitalized costs of proved oil and natural gas properties did not exceed the ceiling limitation.

For the period ended June 30, 2009, the Company charged $Nil (June 30, 2008 - $3,765,015) to the statement of operations for impairment charges.

6. Asset Retirement Obligation

Asset retirement obligations are recorded for an obligation where the Company will be required to retire, dismantle, abandon and restore tangible long-lived assets.

The following table summarizes the changes in the asset retirement obligation:

	June 30, 2009 $	December 31, 2008 $
Asset retirement obligation at beginning of period	633,598	318,922
Liabilities incurred	85,783	282,474
Accretion expense	25,987	32,202
Asset retirement obligation at end of period	745,368	633,598

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7. Fair Value Measurements

Periodically, the Company utilizes cash equivalents held in guaranteed investment certificates, terms deposits and bearer deposits notes to invest a portion of its cash on hand. These securities are carried at fair value on the consolidated balance sheets, with the changes in the fair value included in the consolidated statements of operations and comprehensive loss for the period in which the change occurs.

As defined in SFAS 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by SFAS 157 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date and includes those financial instruments that are valued using models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

As at June 30, 2009, the Company's financial assets that are re-measured at fair value on a recurring basis consisted of $22,153,361 in cash equivalents that are classified as cash and cash equivalents and $6,925,000 in cash equivalents that are classified as restricted deposits in the Consolidated Balance Sheets. As there are no withdrawal restrictions, these are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices for identical assets.

8. Escrowed common stock

In August 2003, the Company completed a transaction with GeoGlobal Resources (India) Inc., a corporation then wholly-owned by Mr. Jean Paul Roy, whereby the Company acquired all of the outstanding capital stock of GeoGlobal Resources (India) Inc. in exchange for 34.0 million shares of its Common Stock and a US$2.0 million promissory note which has been paid in full. Of the 34.0 million shares, 14.5 million shares were delivered to Mr. Roy at the closing of the transaction and an aggregate of 19.5 million shares were held in escrow.

In August 2004, 14.5 million shares were released to Mr. Roy from escrow upon the commencement of a drilling program on the KG Offshore Block. The final 5.0 million shares remain in escrow and will be released only if a commercial discovery as defined under the PSC is declared on the KG Offshore Block. Subsequent to the quarter end, Mr. Roy requested the release from escrow of the remaining 5.0 million shares and the Company’s Board of Directors is currently reviewing that request.

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9. Warrants

From time to time, the Company has issued compensation options, compensation warrants and or warrants (collectively the "warrants") in connection with financing transactions. The fair value of any warrants issued is recorded as a reduction to share capital related to the financing transaction with a corresponding increase recorded to Warrants. The fair value of the Warrants is determined using the Black–Scholes option pricing model and management's assumptions as disclosed.

Activity with respect to all warrants is presented below for the periods as noted:

	June 30, 2009		December 31, 2008	
	Warrants #	Weighted Average Exercise Price $	Warrants #	Weighted Average Exercise Price $
Outstanding warrants at the beginning of period	5,599,716	7.91	5,599,716	7.91
Warrants granted	--	--	--	--
Warrants exercised	--	--	--	--
Warrants outstanding at the end of period	5,599,716	7.91	5,599,716	7.91
Exercisable at end of period	5,599,716	7.91	5,599,716	7.91

The weighted average remaining life by exercise price as of June 30, 2009 is summarized below:

Warrants	Outstanding and Exercisable #	Weighted Average Remaining Life (Months)	Weighted Average Exercise Price $
Compensation Options	535,944	23.7	5.55
Compensation Warrants	97,572	23.7	9.00
Stock Purchase Warrants	4,966,200	23.7	8.14
	5,599,716	23.7	7.91

The warrants have certain terms and conditions as follows:

On May 26, 2009, the Board of Directors approved a two year extension for all Compensation Options, Compensation Warrants and Stock Purchase Warrants from June 20, 2009 to June 20, 2011.

Compensation options enable the holder to purchase one fully-paid non-assessable common share of the Company at a specified price up to June 20, 2011. Certain compensation options consist of one compensation option and one half of one common share purchase warrant referred to as compensation warrants;

Compensation warrants enable the holder to purchase one fully-paid non-assessable common share of the Company at a specified price up to June 20, 2011; and

Warrants enable the holder to purchase one fully-paid non-assessable common share of the Company at a specified price up to June 20, 2011.

The Company has recorded the incremental difference in the fair value of these instruments immediately prior to and after the modification. The fair value of the instruments was determined using a Black-Scholes option-pricing model using the following assumptions as at the date of extension:

	June 20, 2009
Risk-free interest rate	1.25%
Expected life	2.0 years
Expected volatility	127.7%
Expected dividend yield	0%

The resulting incremental fair value of $1,754,000 associated with the Stock Purchase Warrants held by shareholders was recorded as a charge to the deficit, with a corresponding entry to additional paid-in capital.

The resulting incremental fair value of the Compensation Options and the Compensation Option Warrants of $264,000 were recorded as charge to general and administrative expense, with a corresponding entry to additional paid-in capital.

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10. Stock Options

The Company's 2008 Stock Incentive Plan (2008 Plan)
On July 29, 2008 at the Annual Meeting of Stockholders, the shareholders of the Company approved the adoption of the 2008 Plan. Under the terms of the 2008 Plan, 12,000,000 common shares have been reserved for issuance on exercise of options granted under the 2008 Plan. As at June 30, 2009, the Company had 10,545,000 common shares remaining for the grant of options under the 2008 Plan. The Board of Directors of the Company may amend or modify the 2008 Plan at any time, subject to any required stockholder approval. The 2008 Plan will terminate on the earliest of: (i) May 30, 2018; (ii) the date on which all shares available for issuance under the 2008 Plan have been issued as fully-vested shares; or, (iii) the termination of all outstanding options in connection with certain changes in control or ownership of the Company.

Stock-based Compensation
The Company adopted SFAS 123(R), using the modified-prospective-transition method on January 1, 2006. Under this method, the Company is required to recognize compensation cost for stock-based compensation arrangements with employees, non-employee consultants and non-employee directors based on their grant date fair value using the Black-Scholes option-pricing model, such cost to be expensed over the compensations' respective vesting periods. For awards with graded vesting, in which portions of the award vest in different periods, the Company recognizes compensation costs over the vesting periods for each separate vested tranche.

The following table summarizes stock-based compensation for employees, non-employee consultants and non-employee directors:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008	Period from Inception August 21, 2002 to June 30, 2009
	$	$	$	$	$
Stock-based compensation					
Consolidated Statements of Operations					
General and administrative	215,825	185,385	579,170	366,489	3,232,020
Consulting fees	10,253	(45,216)	26,153	(53,827)	3,285,205
	226,078	140,169	605,323	312,662	6,517,225
Consolidated Balance Sheets					
Oil and gas interests	96,579	133,632	378,743	303,711	4,873,991
	322,657	273,801	984,066	616,373	11,391,216

At June 30, 2009, the total compensation cost related to non-vested awards not yet recognized was $203,321 (December 31, 2008 – $1,719,349) which will be recognized over a weighted-average period of 1.7 years. During the six months ended June 30, 2009 and June 30, 2008, no stock options were exercised.

No income tax benefit has been recognized relating to stock-based compensation expense and no tax benefits have been realized from the exercise of stock options.

The fair value of each option granted was estimated on the date of grant using the Black-Scholes option-pricing model. Weighted average assumptions used in the valuation are disclosed in the following table:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Fair value of stock options granted (per option)	$ 0.50	$ 1.02	$ 0.37	$ 1.02
Risk-free interest rate	1.7%	2.6%	1.3%	2.6%
Volatility	114%	121%	108%	121%
Expected life	3.2 years	2.2 years	2.8 years	2.2 years
Dividend yield	0%	0%	0%	0%

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10. Stock Options (continued)

Stock option table
Activity with respect to all stock options is presented below for the periods as noted:

	June 30, 2009		December 31, 2008	
	Shares #	Weighted Average Exercise Price $	Shares #	Weighted Average Exercise Price $
Outstanding options at beginning of period	5,325,000	3.67	4,470,000	4.04
Options granted	80,000	1.09	1,575,000	1.94
Options exercised	--	--	(600,000)	1.10
Options expired	(35,000)	6.45	(110,000)	6.50
Forfeitures and other adjustments	--	--	(10,000)	7.52
Options outstanding at end of period	5,370,000	3.64	5,325,000	3.69
Outstanding aggregate intrinsic value	$ --		$ --	
Exercisable at end of period	4,182,500	3.97	3,610,000	4.37
Exercisable aggregate intrinsic value	$ --		$ --	

The weighted average remaining life by exercise price as of June 30, 2009 is summarized below:

Range of Exercise Prices $	Outstanding Shares #	Weighted Average Remaining Life Months	Exercisable Shares #	Weighted Average Exercise Price $
1.00 - 2.99	1,455,000	33.2	657,500	1.71
3.00 - 4.99	2,375,000	52.0	2,105,000	3.92
5.00 - 5.99	1,490,000	37.1	1,370,000	5.04
6.00 - 6.99	50,000	75.2	50,000	6.81
	5,370,000	43.0	4,182,500	3.97

11. Related Party Transactions

Related party transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

Roy Group (Mauritius) Inc. (RGM)

In March 2003, the Company entered into a Participating Interest Agreement with RGM (a party related by a common officer and director), whereby the Company assigned and holds in trust for RGM 50% of the benefits and obligations of the production sharing contract covering the KG Offshore Block leaving the Company with a net 5% participating interest in the KG Offshore Block. The assignment of this interest is subject to approval by the Government of India.

Under the terms of the Participating Interest Agreement and until approval by the Government of India, the Company retains the exclusive right to deal with the other partners to the KG Offshore Block and is entitled to make all decisions regarding the interest assigned to RGM. The Company has a right of set-off against sums owing to it by RGM. In the event that the Indian government consent is delayed or denied, resulting in either RGM or the Company being denied an economic benefit it would have realized under the Participating Interest Agreement, the parties agreed to amend the Participating Interest Agreement or take other reasonable steps to assure that an equitable result is achieved consistent with the parties' intentions contained in the Participating Interest Agreement.

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11. Related Party Transactions (continued)

Roy Group (Barbados) Inc. (Roy Group)
Roy Group is related to the Company by common management and is controlled by an officer and director of the Company who is also a principal shareholder of the Company. On August 29, 2003, the Company entered into a Technical Services Agreement with Roy Group to provide services to the Company as assigned by the Company and to bring new oil and gas opportunities to the Company. The term of the agreement, as amended, extends through December 31, 2009 and continues for successive periods of one year thereafter. Roy Group receives consideration of $350,000 per year, as outlined and recorded below:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008	Period from Inception, August 21, 2002 to June 30, 2009
	$	$	$	$	$
Consolidated Statements of Operations and Comprehensive Loss					
Consulting fees	65,625	43,750	131,250	87,500	574,917
Consolidated Balance Sheets					
Oil & gas interests	21,875	43,750	43,750	87,500	1,293,416
	87,500	87,500	175,000	175,000	1,868,333

At June 30, 2009, the Company owed Roy Group $34,817 (December 31, 2008 - $35,800) for services provided pursuant to the Technical Services Agreement and expenses incurred on behalf of the Company. These amounts bear no interest and have no set terms of repayment.

D.I. Investments Ltd. (DI)
DI is related to the Company by common management and is controlled by an officer and director of the Company. DI charges consulting fees for management, financial and accounting services rendered, as outlined and recorded below:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008	Period from Inception, August 21, 2002 to June 30, 2009
	$	$	$	$	$
Consolidated Statements of Operations					

and Comprehensive Loss					
Consulting fees	53,187	53,188	106,374	106,375	1,020,839

At June 30, 2009, the Company owed DI $13,271 (December 31, 2008 – the Company was owed $16,629) as a result of services provided and expenses incurred on behalf of the Company. These amounts bear no interest and have no set terms of repayment.

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11. Related Party Transactions (continued)

Amicus Services Inc. (Amicus)
Amicus is related to the Company by virtue of being controlled by a brother of an officer and director of the Company. Amicus charged consulting fees for IT and computer related services rendered, as outlined below:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008	Period from Inception, August 21, 2002 to June 30, 2009
	$	$	$	$	$
Consolidated Statements of Operations and Comprehensive Loss					
Consulting fees	10,674	18,026	23,977	42,317	308,888

The Company recognized compensation cost or recovery of compensation cost for stock-based compensation arrangements with the principal of Amicus as outlined and recorded below:

Consolidated Statements of Operations and Comprehensive Loss					
Consulting fees	4,043	(27,825)	10,502	(32,338)	596,127

At June 30, 2009, the Company owed Amicus $10,855 (December 31, 2008 - $13,745) as a result of services provided and expenses incurred on behalf of the Company. These amounts bear no interest and have no set terms of repayment.

12. Per Share Amounts

The following table presents the reconciliation between basic and diluted income per share:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
	$	$	$	$
Net loss and comprehensive loss for the period	(1,146,442)	(4,783,990)	(2,313,338)	(5,288,292)
Stock purchase warrant modification	(1,754,000)	--	(1,754,000)	--
Net loss and comprehensive loss applicable to common stockholders	(2,900,442)	(4,783,990)	(4,067,338)	(5,288,292)

Weighted average number of common shares outstanding:				
Basic and diluted	67,805,756	67,205,755	67,805,756	67,205,755