

GEOGLOBAL RESOURCES INC.

Form 10-Q

November 16, 2009



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

(Mark One)

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

For the quarterly period ended September 30, 2009;

OR

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  
(State or other jurisdiction of  
incorporation or organization)

33-0464753  
(I.R.S. Employer Identification No.)

Suite #310, 605 – 1 Street SW, Calgary, Alberta, Canada  
(Address of principal executive offices)

T2P 3S9  
(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

NO

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

NO

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

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 the registrant's common stock as of November 13, 2009 was 72,805,756

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

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FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

## CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2009 (Unaudited)	December 31, 2008
Assets		
Current		
Cash and cash equivalents	18,324,561	25,432,814
Accounts receivable	389,740	229,642
Prepays and deposits	171,847	242,059
	18,886,148	25,904,515
Restricted deposits (note 4)	6,925,000	10,800,000
Property and equipment (note 5)	42,550,200	35,160,814
	68,361,348	71,865,329
Liabilities		
Current		
Accounts payable	5,706,369	4,847,513
Accrued liabilities	1,551,787	4,330,591
Due to related companies (note 11)	71,653	32,916
	7,329,809	9,211,020
Asset retirement obligation (note 6)	760,184	633,598
	8,089,993	9,844,618
Stockholders' Equity		
Capital stock		
Authorized		
125,000,000 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	87,772,960	84,554,673
Deficit accumulated during the development stage	(27,559,819 )	(22,592,176 )
	60,271,355	62,020,711
	68,361,348	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.



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## GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	Three months ended Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008	Period from Inception, August 21, 2002 to Sept 30, 2009
<b>Revenue and other income</b>					
Oil sales	300,394	--	490,442	--	490,442
Interest income	65,169	230,006	263,198	921,857	5,824,775
Consulting fees recovered	--	--	--	--	66,025
Equipment costs recovered	--	--	--	--	19,395
Gain on sale of equipment	--	--	--	--	42,228
	365,563	230,006	753,640	921,857	6,442,865
<b>Expenses</b>					
Operating	96,201	--	179,472	--	179,472
General and administrative	772,701	583,136	2,492,443	1,753,113	10,111,455
Consulting fees	170,017	135,524	522,513	599,785	6,425,229
Professional fees	145,955	187,075	594,301	705,771	3,474,121
Accretion expense	14,816	8,490	40,803	23,358	73,005
Depletion and depreciation	80,548	12,932	153,157	38,496	472,036
Impairment of oil and gas properties (note 5)	--	--	--	3,765,015	10,098,015
Foreign exchange (gain) loss	(14,370 )	38,829	(15,406 )	60,591	95,351
	1,265,868	965,986	3,967,283	6,946,129	30,928,684
<b>Net loss and comprehensive loss for the period</b>					
	(900,305 )	(735,980 )	(3,213,643 )	(6,024,272 )	(24,485,819)
<b>Warrant modification (note 9)</b>					
	--	--	(1,754,000 )	--	(3,074,000 )
<b>Net loss and comprehensive loss applicable to common stockholders</b>					
	(900,305 )	(735,980 )	(4,967,643 )	(6,024,272 )	(27,559,819)
<b>Basic and diluted net loss per share (note 12)</b>					
	(0.01 )	(0.01 )	(0.07 )	(0.09 )	
<b>Weighted average common shares outstanding</b>					
	67,805,756	67,407,929	67,805,756	67,273,639	

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





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## 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

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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

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## 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)	--	--	1,200,287	--	1,200,287
Net loss and comprehensive loss for the period	--	--	--	(3,213,643 )	(3,213,643 )
Balance as at September 30, 2009	72,805,756	58,214	87,772,960	(27,559,819)	60,271,355

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

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## GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008	Period from Inception, August 21, 2002 to Sept 30, 2009
<b>Cash flows provided by (used in) operating activities:</b>			
Net loss	(3,213,643 )	(6,024,272 )	(24,485,819 )
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>			
Accretion expense	40,803	23,358	73,005
Asset impairment	--	3,765,015	10,098,015
Depletion and depreciation	153,157	38,496	472,036
Gain on sale of equipment	--	--	(42,228 )
Stock-based compensation (note 10)	730,576	425,864	6,642,478
Compensation option & warrant modification (note 9)	264,000	--	504,000
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(160,098 )	12,972	(314,740 )
Prepays and deposits	70,212	(29,221 )	(140,279 )
Accounts payable	78,158	(78,219 )	126,399
Accrued liabilities	(80,057 )	(384,700 )	281,601
Due to related companies	38,737	(57,515 )	29,897
	(2,078,155 )	(2,308,222 )	(6,755,635 )
<b>Cash flows provided by (used in) investing activities:</b>			
Oil and natural gas property additions	(6,969,946 )	(11,637,262 )	(44,800,281 )
Property and equipment additions	(17,103 )	(15,028 )	(1,538,404 )
Proceeds on sale of equipment	--	--	82,800
Cash acquired on acquisition	--	--	3,034,666
Restricted deposits	3,875,000	(7,482,058 )	(8,095,000 )
<b>Changes in investing assets and liabilities:</b>			
Cash call receivable	--	--	--
Prepays and deposits	--	(2,504 )	(31,568 )
Accounts payable	780,698	433,941	5,530,962
Accrued liabilities	(2,698,747 )	765,171	1,270,186
	(5,030,098 )	(17,937,740 )	(44,546,639 )
<b>Cash flows provided by (used in) financing activities:</b>			
Proceeds from issuance of common shares	--	662,000	75,612,165
Share issuance costs	--	--	(4,073,388 )
<b>Changes in financing liabilities:</b>			
Note payable	--	--	(2,000,000 )
Accounts payable	--	--	61,078
Due to related companies	--	--	26,980
	--	662,000	69,626,835

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Net increase (decrease) in cash and cash equivalents	(7,108,253 )	(19,583,962)	18,324,561
Cash and cash equivalents, beginning of the period	25,432,814	48,134,858	--
Cash and cash equivalents, end of the period	18,324,561	28,550,896	18,324,561
Cash and cash equivalents			
Current bank accounts	326,285	511,428	326,285
Short term deposits	17,998,276	28,039,468	17,998,276
	18,324,561	28,550,896	18,324,561

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)

September 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/Amex Exchange under the symbol GGR.

On August 29, 2003 (the inception date), the Company commenced oil and gas exploration activities. As of September 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". Among the disclosures required, 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 as those of a development stage enterprise until such time that the Company's oil and gas properties have generated significant revenues. The Company has evaluated subsequent events to November 16, 2009 which is the date these financial statements were issued.

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 current operations are dependent upon the adequacy of its current assets to meet its current expenditure requirements and the accuracy of management's estimates of those requirements. Should those estimates be materially incorrect, the Company's liability to continue as a going concern may be impaired. The Company's financial statements as at and for the period ended September 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 nine months ended September 30, 2009 incurred a net loss of approximately \$3.0 million, used approximately \$2.1 million of cash flow in its operating activities, used approximately \$5.1 million in its investing activities and had an accumulated deficit of approximately \$27.3 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 approximately \$24.4 million over the next four years of which, approximately \$10.0 million is attributable to the twelve months ending September 30, 2010. 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, which could include the sale of oil and gas interests, or

participation arrangements in oil and gas interests, to raise capital for continued exploration and development expenditures. 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 September 30, 2009, the Company has working capital of approximately \$11.8 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.



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GeoGlobal Resources Inc.

(a development stage enterprise)

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 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 September 30, 2009, the results of operations for the three and nine months ended and the cash flows for the nine months ended September 30, 2009 and 2008 and for the period from inception of August 21, 2002 to September 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.

Use of estimates

The preparation of the condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimated amounts.

Significant estimates with regard to the condensed consolidated financial statements include going concern assumption, the estimated carrying value of unproved properties, the estimated cost and timing related to asset retirement obligations, stock-based compensation, contingent liabilities and the realizability of deferred tax assets.

Recent Accounting Pronouncements

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 810-10-65, Transition Related to FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 (formerly Statement of Financial Accounting Standards ("SFAS") No. 160, Noncontrolling Interests in Consolidated Financial Statements) establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. In addition, ASC Subtopic 810-10-65 requires expanded disclosures in the consolidated

financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners of a subsidiary. This subtopic is effective for the fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. We adopted the provisions of ASC Subtopic 810-10-65 on January 1, 2009, with no material impact on our consolidated financial statements.

ASC Topic 805, Business Combinations (formerly SFAS No. 141 (Revised 2007), Business Combinations, and FASB Staff Position ("FSP") SFAS 141(R)-1, Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies), provides that all business combinations are required to be accounted for at fair value under the acquisition method of accounting, but changes the method of applying the acquisition method from previous principles in a number of ways. Acquisition costs are no longer considered part of the fair value of an acquisition and will generally be expensed as incurred, noncontrolling interests are valued at fair value at the acquisition date, in-process research and development is recorded at fair value as an indefinite-lived intangible asset at the acquisition date, restructuring costs associated with a business combination are generally expensed subsequent to the acquisition date, and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. Contingent assets acquired and liabilities assumed in a business combination are to be recognized at fair value if fair value can be reasonably estimated during the measurement period. We adopted the changes to the provisions of ASC Topic 805 on January 1, 2009, with no material impact on our consolidated financial statements.

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GeoGlobal Resources Inc.

(a development stage enterprise)

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2009

3. Significant Accounting Policies (continued)

ASC Subtopic 820-10-65, Transition Related to FSP 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, provides additional guidance for estimating fair value in accordance with ASC 820, Fair Value Measurements and Disclosures, when the volume and level of activity for the asset or liability have significantly decreased. This subtopic re-emphasizes that regardless of market conditions the fair value measurement is an exit price concept as defined in ASC 820. This subtopic clarifies and includes additional factors to consider in determining whether there has been a significant decrease in market activity for an asset or liability and provides additional clarification on estimating fair value when the market activity for an asset or liability has declined significantly. The scope of this subtopic does not include assets and liabilities measured under quoted prices in active markets. ASC Subtopic 820-10-65 is applied prospectively to all fair value measurements where appropriate and will be effective for interim and annual periods ending after June 15, 2009. We adopted the provisions of ASC Subtopic 820-10-65 effective April 1, 2009, with no material impact on our consolidated financial statements.

ASC Topic 825-10-65, Transition Related to FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments amends ASC Topic 825, Financial Instruments, to require publicly-traded companies, as defined in ASC Topic 270, Interim Reporting, to provide disclosures on the fair value of financial instruments in interim financial statements. ASC Topic 825-10-65 is effective for interim periods ending after June 15, 2009. We adopted the new disclosure requirements in our second quarter 2009 financial statements with no material impact on our consolidated financial statements.

ASC Subtopic 320-10-65, Transition Related to FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (formerly FSP SFAS 115-2 and SFAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments issued in April 2009), provides transitional guidance for debt securities to make previous guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. Existing recognition and measurement guidance related to other-than-temporary impairments of equity securities was not amended by this subtopic. This subtopic is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. We adopted the provisions of this subtopic effective April 1, 2009, with no material impact on our consolidated financial statements.

ASC Topic 855, Subsequent Events (formerly SFAS No. 165, Subsequent Events issued May 2009) establishes (i) the period after the balance sheet date during which management shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (ii) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements; and (iii) the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. This topic is effective for interim or annual financial periods ending after June 15, 2009, and shall be applied prospectively. We adopted the provisions of this topic effective April 1, 2009, with no material impact on our consolidated financial statements.

ASC Topic 860, Transfers and Servicing (formerly SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities-a replacement of FASB Statement No. 125, as amended by SFAS

No. 166, Accounting for Transfers of Financial Assets – An Amendment of FASB Statement No. 140, issued in June 2009) amends prior principles to require more disclosure about transfers of financial assets and the continuing exposure, retained by the transferor, to the risks related to transferred financial assets, including securitization transactions. It eliminates the concept of a “qualifying special-purpose entity,” changes the requirements for derecognizing financial assets, and requires additional disclosures. It also enhances information reported to users of financial statements by providing greater transparency about transfers of financial assets and an entity’s continuing involvement in transferred financial assets. This topic will be effective at the start of a reporting entity’s first fiscal year beginning after November 15, 2009. Early application is not permitted. We will adopt the provisions of this topic effective January 1, 2010 and we do not expect the adoption to have a material impact on our consolidated financial statements.

ASC Subtopic 810-10-05, Consolidation – Variable Interest Entities (formerly FASB Interpretation No. 46 (Revised December 2003), Consolidation of Variable Interest Entities, as amended by SFAS No. 167, Amendments to FASB Interpretation No. 46(R) in June 2009), defines how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. This topic requires a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. A reporting entity will be required to disclose how its involvement with a variable interest entity affects the reporting entity’s financial statements. This statement will be effective at the start of a reporting entity’s first fiscal year beginning after November 15, 2009. Early application is not permitted. We will adopt the provisions of this subtopic prospectively effective January 1, 2010 and we do not expect the adoption to have a material impact on our consolidated financial statements.

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(a development stage enterprise)

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(Unaudited)

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## 3. Significant Accounting Policies (continued)

ASC Topic 105, Generally Accepted Accounting Principles (formerly SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162), issued in June 2009, became the source of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this statement, the codification superseded all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the codification became non-authoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. We adopted the provisions of this topic in the third quarter of 2009, with no change to our consolidated financial statements other than changes in reference to various authoritative accounting pronouncements in our consolidated financial statements.

In August 2009, the FASB issued Accounting Standards Update (“ASU”) No. 2009-05, Fair Value Measurements and Disclosures – Measuring Liabilities and Fair Value, amending Subtopic 820-10, Fair Value Measurement, to provide guidance on the manner in which the fair value of liabilities should be determined. This update provides clarification that, in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of defined valuation techniques. The amendments in this update also clarify that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. We will adopt ASU No. 2009-05 in the fourth quarter of 2009, and we do not expect it will have a material impact on our 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:

	September 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

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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.

	September 30, 2009 \$	December 31, 2008 \$
Oil and natural gas properties (using the full-cost method)		
Proved properties	5,268,846	--
Unproved properties	46,477,369	44,182,707
Total oil and natural gas properties	51,746,215	44,182,707
Building	889,609	889,609
Computer, office and other equipment	565,996	548,893
Total property and equipment	53,201,820	45,621,209
Impairment of oil and natural gas properties	(10,098,015)	(10,098,015)
Accumulated depletion and depreciation	(553,605 )	(362,380 )
Total property and equipment, net	42,550,200	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 \$807,584 (September 30, 2008 - \$866,478) of general and administrative expenses directly related to exploration activities. These amounts include \$469,711 (September 30, 2008 - \$373,291) of capitalized stock-based compensation expense and capitalized support equipment depreciation of \$38,067 (September 30, 2008 - \$nil).

Impairment of Oil and Gas Properties

The Company performed a ceiling test calculation at September 30, 2009, to assess the ceiling limitation of its proved oil properties. The price of crude oil was \$62.95 and is based upon the Nigeria Bonny Light bench mark. At September 30, 2009, the Company's net capitalized costs of proved oil and natural gas properties did not exceed the ceiling limitation.

For the nine months ended September 30, 2009, the Company charged \$nil (September 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:

	September 30, 2009 \$	December 31, 2008 \$
Asset retirement obligation at beginning of period	633,598	318,922
Liabilities incurred	85,783	282,474
Accretion expense	40,803	32,202
Asset retirement obligation at end of period	760,184	633,598

#### 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.

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). A fair value hierarchy that prioritizes the inputs used to measure fair value 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).



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Notes to the Condensed Consolidated Financial Statements

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September 30, 2009

7. Fair Value Measurements (continued)

The three levels of the fair value hierarchy are defined 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 September 30, 2009, the Company’s financial assets that are re-measured at fair value on a recurring basis consisted of financial assets of \$17,998,276 that are classified as cash and cash equivalents and \$6,925,000 that are classified as restricted deposits in the Consolidated Balance Sheets. 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. 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.

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:

	September 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

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## 9. Warrants (continued)

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

	Outstanding and Exercisable #	Weighted Average Remaining Life (Months)	Weighted Average Exercise Price \$
Warrants			
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.

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 September 30, 2009, the Company had 10,345,000 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 recognizes 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.

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## 10. Stock Options (continued)

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

	Three months ended Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008	Period from Inception August 21, 2002 to Sept 30, 2009
	\$	\$	\$	\$	\$
Stock-based compensation					
Consolidated Statements of Operations					
General and administrative	113,969	118,297	693,139	484,785	3,345,989
Consulting fees	11,284	(5,095 )	37,437	(58,921 )	3,296,489
	125,253	113,202	730,576	425,864	6,642,478
Consolidated Balance Sheets					
Oil and gas interests	90,968	69,580	469,711	373,291	4,964,959
	216,221	182,782	1,200,287	799,155	11,607,437

At September 30, 2009, the total compensation cost related to non-vested awards not yet recognized was \$523,586 (December 31, 2008 – \$1,719,349) which will be recognized over a weighted-average period of 1.5 years. During the nine months ended September 30, 2009, no options were exercised. During the nine months ended September 30, 2008, 600,000 options were exercised for total gross proceeds of \$662,000.

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 Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008
Fair value of stock options granted (per option)	\$0.69	\$3.08	\$0.49	\$3.08
Risk-free interest rate	2.0%	4.1%	1.6%	4.1%
Volatility	115%	93%	110%	93%
Expected life	4.8 years	10 years	3.5 years	10 years
Dividend yield	0%	0%	0%	0%

Stock option table

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

	September 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	280,000	1.15	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	5,570,000	3.55	5,325,000	3.69
Outstanding aggregate intrinsic value	\$2,100		\$--	
Exercisable at end of period	4,592,500	3.97	3,610,000	4.37
Exercisable aggregate intrinsic value	\$1,400		\$--	

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## 10. Stock Options (continued)

The weighted average remaining life by exercise price as of September 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	1,655,000	41.0	677,500	1.70
3.00 - 4.99	2,375,000	49.0	2,375,000	3.88
5.00 - 5.99	1,490,000	34.1	1,490,000	5.04
6.00 - 6.99	50,000	72.1	50,000	6.81
	5,570,000	42.9	4,592,500	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 of the Company, who is also a principal shareholder of the Company), 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.

## 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	Three months	Nine months	Nine months	Period from Inception,
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	ended Sept 30, 2009	ended Sept 30, 2008	ended Sept 30, 2009	ended Sept 30, 2008	August 21, 2002 to Sept 30, 2009
	\$	\$	\$	\$	\$
Consolidated Statements of Operations and Comprehensive Loss					
Consulting fees	65,625	43,750	196,875	131,250	640,524
Consolidated Balance Sheets					
Oil & gas interests	21,875	43,750	65,625	131,250	1,315,291
	87,500	87,500	262,500	262,500	1,955,815

At September 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.



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September 30, 2009

## 11. Related Party Transactions (continued)

## 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 Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008	Period from Inception, August 21, 2002 to Sept 30, 2009
	\$	\$	\$	\$	\$
Consolidated Statements of Operations and Comprehensive Loss					
Consulting fees	53,188	53,188	159,562	159,563	1,074,027

At September 30, 2009, the Company owed DI \$31,000 (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.

## 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 Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008	Period from Inception, August 21, 2002 to Sept 30, 2009
	\$	\$	\$	\$	\$
Consolidated Statements of Operations and Comprehensive Loss					
Consulting fees	8,321	25,217	32,298	67,534	317,209

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	4,063	(2,830 )	14,565	(35,168 )	600,190
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At September 30, 2009, the Company owed Amicus \$5,836 (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.

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## 12. Per Share Amounts

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

	Three months ended Sept 30, 2009	Three months ended Sept 30, 2008	Nine months ended Sept 30, 2009	Nine months ended Sept 30, 2008
	\$	\$	\$	\$
Net loss and comprehensive loss for the period	900,305	735,980	3,213,643	6,024,272
Stock purchase warrant modification	--	--	1,754,000	--
Net loss and comprehensive loss applicable to common stockholders	900,305	735,980	4,967,643	6,024,272
Weighted average number of common shares outstanding:				
Basic and diluted	67,805,756	67,407,929	67,805,756	67,273,639
Per share amounts				
Basic and diluted	0.01	0.01	0.07	0.09
Securities excluded from denominator as anti-dilutive:				
Stock options	5,570,000	3,960,000	5,570,000	3,960,000
Warrants	4,966,200	4,966,200	4,966,200	4,966,200
Compensation options	535,944	535,944	535,944	535,944
Compensation option warrants	97,572	97,572	97,572	97,572
	11,169,716	9,559,716	11,169,716	9,559,716

In calculating the weighted average number of common shares outstanding, the 5,000,000 shares which were held in escrow at September 30, 2009 have been excluded.

## 13. Commitments

Pursuant to current production sharing contracts, the Company is required to perform minimum exploration activities that include various types of surveys, acquisition and processing of seismic data and drilling of exploration wells. These obligations have not been provided for in the financial statements. The Company has an office lease commitment in Calgary, Canada until February 2013.

The anticipated payments due under these agreements in effect are as follows:

	Operating Leases	Production Sharing Contracts
	\$	\$
2009	30,000	2,025,000
2010	132,000	10,586,000
2011	159,000	9,990,000
2012	159,000	1,840,000
2013	13,000	--
Thereafter	--	--
	493,000	24,441,000

The Company has applied to increase its participating interest under a certain production sharing contract from 10% to 25%. If this application is approved, the Company's commitments would increase by \$1.1 million in 2009, \$4.4 million in 2010, \$6.1 million in 2011 and \$1.4 million in 2012. To date, the approval has not been granted.

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GeoGlobal Resources Inc.

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September 30, 2009

14. Contingencies

**GSPC Dispute**

The Company has been advised by GSPC, that GSPC is seeking payment of the amount by which the exploration costs attributable to the Company under the PSC relating to the KG Offshore Block exceeds the amount that GSPC deems it is obligated to pay on behalf of the Company (including the net 5% participating interest of RGM) under the terms of the Carried Interest Agreement. GSPC asserts that the Company is required to pay 10% of the exploration expenses over and above gross costs of \$59.23 million (10% being \$5.923 million).

Based upon the most recent correspondence from GSPC dated November 28, 2008, GSPC is seeking payment in the amount of Rs. 365.9 crore (or approximately \$78.7 million) plus interest as of September 30, 2008, of which, 50% is for the account of RGM. We estimate the amount of GSPC's claim as at September 30, 2009 to be approximately \$143.0 million plus interest. The Company disputes this assertion of GSPC.

The Company has advised GSPC that, under the terms of the Carried Interest Agreement, the PSC, and the Joint Operating Agreement dated August 7, 2003, GSPC has no right to seek the payment and that it believes the payment GSPC is seeking is in breach of the Carried Interest Agreement. The Company further reminded GSPC, that the Company under the terms of the Carried Interest Agreement shall be carried by GSPC for 100% of its entire share of any costs during the exploration phase prior to the start of commercial production. The Company obtained the opinion of external Indian legal counsel which supports management's position with respect to the dispute.

Based upon a letter dated November 5, 2008 received from GSPC, the Company was advised that the Minimum Work Program for all exploration phases of the KG Offshore Block had been completed as of September 30, 2008 which has been noted by the Directorate General of Hydrocarbons. As such, GSPC advised the Company that it has elected to undertake an additional work program over and above the Minimum Work Program as either Joint Operations or as Exclusive Operations under the terms of the PSC and that we must elect whether we wish to participate in these future drilling activities over and above the Minimum Work Program on this block or alternatively, GSPC would conduct these drilling activities as Exclusive Operations as defined in the PSC.

On November 13, 2008, the Company advised GSPC that we exercised our right to participate in the drilling operations proposed in the November 5, 2008 GSPC letter as a Joint Operation under the terms of the PSC and Joint Operating Agreement and further that this exercise was done pursuant to the terms of the Carried Interest Agreement.

The Company intends to vigorously protect its contractual rights in accordance with the dispute resolution process under the Carried Interest Agreement, the PSC and the Joint Operating Agreement as may be appropriate. In September 2007, the Company commenced discussions with GSPC in an effort to reach an amicable resolution however, as at November 13, 2009, no agreement has been reached.

**Other Matters**

The Company has recently determined it may be in breach of certain regulatory requirements, and is currently taking immediate steps to remedy the matter. Non-compliance with these regulations may result in a discretionary financial penalty to the Company. Management believes the outcome pertaining to such matters at this time is not determinable, and as such no provision has been made in these interim condensed consolidated financial statements.

The Company is of the understanding that the range of the possible penalty is anywhere from \$nil to \$6.3 million.

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ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF  
2. OPERATIONS

Overview

GeoGlobal Resources Inc. is engaged, through our subsidiaries and ventures in which we are a participant, in the exploration for and development of oil and natural gas reserves. We initiated these activities in 2003. We and our joint participants have been granted exploration rights pursuant to PSCs we have entered into with the Government of India. At present, these activities are being undertaken in four geological basins offshore and onshore in locations where reserves of oil or natural gas are believed by our management to exist. These areas are as follows:

- The Krishna Godavari Basin offshore and onshore in the State of Andhra Pradesh in eastern India;
  - The Cambay Basin onshore in the State of Gujarat in western India;
- The Deccan Syncline Basin onshore in the State of Maharashtra in west central India; and
  - The Rajasthan Basin onshore in the State of Rajasthan in north western India.

To date, we have not earned significant revenue from these activities and are considered to be in the development stage under Financial Accounting Standards Board Statement of Accounting Standards No. 7. The recoverability of the costs we have incurred to date is uncertain and dependent upon us achieving commercial production and sale of hydrocarbons, our ability to obtain sufficient financing to fulfill our obligations under the PSCs in India and upon future profitable operations.

All of the exploration activities in which we are a participant should be considered highly speculative.

All dollar amounts stated in this Quarterly Report are stated in United States dollars.

All meterage of drilled wells referred to in this Quarterly Report are measured depths unless otherwise stated.

The following discussion and analysis of our financial condition and results of operation should be read in conjunction with, and is qualified in its entirety by, the more detailed information including our Condensed Consolidated Financial Statements and the related Notes appearing elsewhere in this Quarterly Report. This Quarterly Report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results and business plans discussed in the forward-looking statements. Factors that may cause or contribute to such differences include those discussed in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008 as well as those discussed elsewhere in this Quarterly Report. For further information, refer to the Consolidated Financial Statements and related Notes and the Management's Discussion and Analysis thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Glossary of Certain Defined Terms:

GSPC – means Gujarat State Petroleum Corporation Limited, a company organized under the laws of India.

PSC – means Production Sharing Contract.

NELP – means National Exploration Licensing Policy.

MMscfd – means million standard cubic feet per day.

Results of Operations for the Three and Nine months ended September 30, 2009 and 2008

For the quarter ended September 30, 2009, we incurred a net loss of \$675,305 compared with a net loss of \$735,980 for the quarter ended September 30, 2008.

For the nine months ended September 30, 2009, we incurred a net loss of \$2,988,643 compared with a net loss of \$6,024,272 for the nine months ended September 30, 2008. The \$3.0 million decrease was due to a \$3.8 million

impairment of our oil and gas properties under full cost accounting guidelines that was charged to the Statements of Operations in the second quarter of 2008 offset by an \$800,000 increase in our expenses for the nine months ended September 30, 2009. No impairment expense was incurred in 2009.

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Oil Production (barrels)	4,536	--	7,634	--
Oil Sales (barrels)	4,556	--	7,580	--
Average Oil Price	\$ 65.94	--	\$ 64.71	--
Oil Revenues	\$ 300,000	--	\$ 490,000	--
Operating Costs per Barrel	\$ 21.12	--	\$ 23.68	--
Depletion per Barrel	\$ 14.43	--	\$ 14.31	--



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### Oil Sales

All of our revenues are derived from the production of crude oil in India. With the approval of the Tarapur 1 field development plan by the Management Committee, three wells began production in mid May 2009 and a further two wells began production in September 2009. There are twelve additional wells which are drilled, tested and awaiting tie-in to the oil tank storage facilities. Revenues are currently based on the spot price based on the Nigeria Bonny Light Crude bench mark. Through September 30, 2009, these revenues are reflected in accounts receivable in the balance sheet. To date, none of our production has been hedged. In addition to the crude oil production, a minimal amount of natural gas was produced and flared off. Upon the tie-in and production from additional wells, it is the intention that the natural gas will be contained and sold.

### Interest Income

Interest income during the three months ended September 30, 2009 was \$65,000 compared with \$230,000 for the same period in 2008. This decrease is primarily attributed to a lower interest rate earned on our short term investments as well as lower cash balances and restricted deposits available for investment. The average cash balance and restricted deposits during the third quarter of 2009 was \$27.3 million compared with \$39.9 million in the third quarter of 2008.

Interest income during the nine months ended September 30, 2009 was \$263,000 compared with \$922,000 for the same period in 2008. Interest rates earned on our short-term investments declined significantly during the nine months ended September 30, 2008. In addition to lower interest rates, the average cash balance and restricted deposits during the nine months was \$30.7 million compared with \$46.1 million in the nine months ended September 30, 2008.

### Operating

Operating costs for the three months ended September 30, 2009 are estimated to be \$96,000 or \$21.12 per barrel, as a result of our first production in the Tarapur 1 field. The operating cost estimate includes handling and processing charges, transportation costs and utilities, and contain a fixed and variable portion. During the three months ended September 30, 2008, we did not incur any operating costs.

Operating costs for the nine months ended September 30, 2009 are estimated to be \$179,000 or \$23.68 per barrel, as a result of our first production in the Tarapur 1 field. During the nine months ended September 30, 2008, we did not incur any operating costs.

### General and Administrative

For the three months ended September 30, 2009, our general and administrative expenses increased to \$773,000 from \$583,000 for the three months ended September 30, 2008. Significant items included in general and administrative expenses include administrative salaries and related stock-based compensation costs, directors' fees, rental and office costs, an accrual for potential financial penalties, insurance and public company costs including shareholder relations, listing and filing fees and transfer agent fees and services.

For the nine months ended September 30, 2009, our general and administrative expenses increased to \$2,492,000 from \$1,753,000 for the same period in 2008. In the second quarter of 2009, our Board of Directors approved a two year extension to compensation options and compensation warrants that were set to expire on June 22, 2009. A fair value of \$264,000 relating to the extension of compensation options and compensation warrants was charged to the statement of operations. Along with the compensation options and compensation warrants extension costs, stock-based compensation costs of \$693,000 for the nine months ended September 30, 2009 compared with \$485,000 for the nine months ended September 30, 2008 and an accrual for potential financial penalties account for the majority of the change. Other significant costs, including salaries, travel and bank guarantee fees remained fairly consistent with the nine months ended September 30, 2008.

### Consulting Fees

Consulting fees for the three months ended September 30, 2009, were \$170,000, an increase from \$135,000 when compared to the three months ended September 30, 2008. Significant items included in consulting fee expenses include a portion of costs paid to Roy Group (Barbados) Inc. for Chief Executive Officer services, costs paid to D.I. Investments Inc. for Chief Financial Officer services and the related health care costs and other consulting costs as incurred.

In the third quarter of 2009 and 2008, we incurred costs of \$87,500 to Roy Group (Barbados) Inc. We expensed 75% (2008 – 50%) of the costs paid to Roy Group (Barbados) Inc. for CEO related duties and other general corporate affairs. The remaining 25% (2008 – 50%) was capitalized for technical geological services. We evaluate the payment of these costs annually to determine the appropriate allocation. Costs paid to D.I. Investments Inc. remained consistent at \$53,000.

Consulting fees for the nine months ended September 30, 2009, were \$522,000, a decrease from \$600,000 when compared to the nine months ended September 30, 2008. In the nine months ended 2008, we incurred a onetime cost of \$75,000 paid to a broker in an effort to market and sell our Egypt blocks.

In the nine months ended September 30, 2009 and 2008, we incurred costs of \$262,500 to Roy Group (Barbados) Inc. We expensed 75% (2008 – 50%) of the costs paid to Roy Group (Barbados) Inc. for CEO related duties and other general corporate affairs. The remaining 25% (2008 – 50%) was capitalized for technical geological services. We evaluate the payment of these costs annually to determine the appropriate allocation. Costs paid to D.I. Investments Inc. remained consistent at \$160,000.

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### Professional Fees

Professional fees for the three months ended September 30, 2009 were \$146,000, a decrease from \$187,000 when compared to the three months ended September 30, 2008. Professional fees include general council, audit and review costs and tax advisors to assist with compliance.

Professional fees for the nine months ended September 30, 2009 were \$594,000 compared with \$706,000 for the nine months ended September 30, 2008. During the nine months ended September 30, 2009, we completed a multiyear financial restatement and recorded costs of \$238,000. Further, we engaged various tax advisors to complete a review of our corporate structure with a goal to ensure tax strategy and efficiency across all jurisdictions. These tax related costs have partially offset the saving from the prior years' restatement of our previously filed annual reports. We continue to incur costs relating to a review of our corporate structure.

### Impairment

There were no impairment charges during the three or nine months ended September 30, 2009. During the nine months ended September 30, 2008, an impairment charge of \$3,765,000 was charged to the statements of operations relating to Egyptian, Oman and Yemen operations in the second quarter.

### Other

We capitalized certain overhead costs directly related to our exploration activities in India. During the three months ended September 30, 2009, we capitalized overhead costs totaling \$156,000 as compared to \$207,852 during the three months ended September 30, 2008. Included in the amounts above are stock-based compensation costs of \$91,000 for the three months ended September 30, 2009 compared with \$70,000 for the three months ended September 30, 2008.

During the nine months ended September 30, 2009, these capitalized overhead costs were \$807,000 as compared to \$866,478 during the nine months ended September 30, 2008. Included in the amounts above are stock-based compensation costs of \$470,000 for the nine months ended September 30, 2009 compared with \$373,000 for the nine months ended September 30, 2008.

The treatment of capitalized overhead costs remained consistent with the comparable quarter and includes costs relating to personnel, consultants, their travel, necessary resources and stock-based compensation directly associated with the advancement of our oil and gas interests.

### Reserve Report

As a result of the approval of the Tarapur 1 field development plan by the Management Committee and the completion of an independent reserve study by Chapman Petroleum Engineering Ltd. out of Calgary, Alberta, Canada, we claimed our proved reserves in the Tarapur 1 field as at September 30, 2009 of 245,000 net barrels of crude oil compared to nil at December 31, 2008.

### Liquidity

Liquidity is a measure of a company's ability to meet potential cash requirements. We have historically met our capital requirements through the issuance of common stock as well as proceeds from the exercise of warrants and options to purchase common equity.

Our 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 our oil and natural gas interests in the future. Our current operations are dependent upon the adequacy of our current assets to meet our current expenditure requirements and the accuracy of management's estimates of those requirements. Should those estimates be materially incorrect, our liability to continue as a going concern may be impaired. Our condensed consolidated financial statements as at and for the nine months ended September 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. We have incurred a history of operating losses and negative cash flows from operations. These matters may raise doubt about our ability to continue as a going concern.

At September 30, 2009, our cash and cash equivalents were \$18.3 million (December 31, 2008 - \$25.4 million). The majority of this balance is being held in US funds. Approximately \$18.0 million is held in term deposits earning interest that will contribute towards covering a portion of our administrative costs and overhead throughout the next fiscal year. We have working capital of approximately \$11.8 million which is available for our future operations. In addition, we have \$6.9 million in restricted deposits pledged as security against the minimum work program for the budget year April 1, 2009 through March 31, 2010 on our exploration blocks, which will be released back to cash upon completion of the minimum work program at March 31, 2010. It is expected that approximately \$3.7 million will remain in restricted deposits that will be pledged for the minimum work program for the budget year April 1, 2010 to March 31, 2011.

We expect to incur expenditures to further our exploration programs. Our existing cash balance and any cash flow to be generated from operating activities may not be sufficient to satisfy our current obligations and meet our exploration commitments of approximately \$24.4 million over the next four years of which, approximately \$10.0 million is attributable to the twelve months ending September 30, 2009.

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We are considering various alternatives with respect to raising additional capital to remedy any future shortfall in capital but to date have made no specific plans or arrangements. We may deem it necessary to raise capital through equity markets, debt markets or other financing arrangements which could include the sale of oil and gas interests, or participation arrangements in oil and gas interests, to raise capital for continued exploration and development expenditures. Because of the early stage of our operations and our absence of any material quantities of oil and natural gas reserves, there can be no assurance this capital will be available and if it is not, we may be forced to substantially curtail or cease exploration block acquisition and/or exploration and development expenditures. We believe that our available cash resources will be sufficient to maintain our current level of activities through the next fiscal year.

Should the going concern assumption not be appropriate and we are not able to realize our assets and settle our liabilities, commitments and contingencies, as more fully described in these condensed consolidated financial statements in the normal course of operations, our 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 we are unable to continue as a going concern.

We believe at this time that the outcome of the GSPC Carried Interest dispute will not have a material effect on our liquidity.

Our cash and cash equivalents decreased by \$7.1 million to \$18.3 million from \$25.4 million at December 31, 2008. The primary result of the decrease in funds can be attributed to the following activities:

Our net cash used in operating activities during the nine months ended September 30, 2009 was \$2.1 million as compared to \$2.3 million for the nine months ended September 30, 2008. The use of cash is mainly related to general and administrative costs, consulting fees and professional fees combined with lower interest income earned on our short-term investments during the nine months ended September 30, 2009.

Cash used by investing activities during the nine months ended September 30, 2009 was \$5.0 million as compared to \$17.9 million during the nine months ended September 30, 2008. This decrease is a result of cash payments to our joint venture partners for increased oil and gas activities in 2008 as compared to 2009 which was then off-set by a reduction of our restricted deposits totaling \$3.9 million. The restricted deposits were returned to cash and cash equivalents which are now available for general corporate purposes.

No cash was provided by financing activities for the nine months ended September 30, 2009. Cash provided by financing activities for the nine months ended September 30, 2008 was \$662,000 pursuant to the exercise of 600,000 options.

## Capital Resources

We expect our exploration and development activities pursuant to the PSCs we are a party to, and the related drilling activities in the 10 exploration blocks that we hold an interest in, will continue through September 2010 in accordance with the terms of those agreements. During the period October 1, 2009 to September 30, 2010, based on the estimated current budgets, we anticipate drilling approximately one exploratory well in the KG Offshore Block, one exploratory well in the Sanand/Miroli Block, four exploration wells in the Ankleshwar Block, six exploratory wells in the Rajasthan Block and two exploratory wells in the KG Onshore Block. Additional expenditures may be incurred in connection with additional exploratory, appraisal and development wells we may participate in. Also, if we increase our participating interest in the KG Onshore Block to 25%, our obligations to fund exploratory drilling on the block will increase.

In addition, we may seek to participate in joint ventures bidding for the award of further PSCs for exploration blocks expected to be awarded by the Government of India in the future. As of November 13, 2009, we have no specific plans to bid or join with others in bidding for any specific PSCs in India and elsewhere. We expect that our interest in any such ventures would involve a minority participating interest in the venture. In addition, as opportunities arise, we may seek to acquire minority participating interests in exploration blocks where PSCs have been heretofore awarded. The acquisition of any such interests would be subject to the execution of a definitive agreement and obtaining the requisite government consents and other approvals.

In addition, although there are no present plans in this regard, we may require additional funds for the possible acquisition of further minority participating interests in PSCs in drilling blocks heretofore awarded and that we may hereafter propose to enter into in India and possibly elsewhere. We believe it can be expected that our interest in further or additional PSCs would be a participating interest. As the holder of a participating interest in any such activities, it can be expected that we will be required to contribute capital to any such ventures in proportion to our percentage interest.

As of November 13, 2009, the scope of any possible such activities has not been definitively established and, accordingly, we are unable to state the amount of any funds that may be required for these purposes. As a result, no specific plans or arrangements have been made to raise additional capital and we have not entered into any agreements in that regard. We expect that if we seek to raise additional capital it will be through the sale of equity securities, debt or other financing arrangements. We are unable to estimate the terms on which any such capital may be raised, the price per share or possible number of shares involved or the terms of any agreements to raise capital under other arrangements.

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### Off-balance Sheet Arrangements

None.

### Contractual Obligations

Our minimum exploration commitments under our production sharing contracts and other future lease payments at September 30, 2009 were not substantially different than at December 31, 2008.

### Critical Accounting Estimates

The preparation of financial statements under generally accepted accounting principles (GAAP) in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On a regular basis we evaluate our assumptions, judgments and estimates. We also discuss our critical accounting estimates with the Audit Committee of the Board of Directors.

We believe that the assumptions, judgments and estimates involved in the accounting for oil and gas accounting and impairment, asset retirement obligation and share-based payment arrangements have the greatest potential impact on our condensed consolidated financial statements. These areas are key components of our results of operations and are based on complex rules which require us to make judgments and estimates, so we consider these to be our critical accounting estimates. Historically, our assumptions, judgments and estimates relative to our critical accounting estimates have not differed materially from actual results.

Our critical accounting estimates are disclosed in Item 7 of our 2008 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 27, 2009, and have not changed materially since the filing of that document.

### Recent Exploration Activities

Below is a summary description of information relating to certain material developments to our exploration activities subsequent to the last update. For additional information and a more complete description of the PSCs to which we are a party, reference should be made to our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q as well as our Current Reports on Form 8-K.

#### Krishna Godavari Offshore Block

Exploration activities on the KG Offshore Block are as follows:

GSPC as operator has completed preparing the work program and budget for exploration activities totalling approximately \$287 million for the fiscal year April 1, 2009 to March 31, 2010. The program includes costs already incurred in the drilling of the KG#19, KG#21 and KG#33; the anticipated costs of drilling the KG#20-SS well with the Essar Wildcat rig; and costs to interpret the recently completed 240 square kilometre Q-Marine Seismic Data Acquisition over the Deen Dayal structure.

As at November 13, 2009, a total of fifteen wells have been drilled on this block. Of these fifteen wells, four exploratory wells in the northern portion of the block have been abandoned.

#### Deen Dayal West Field Development Plan

On June 18, 2009, GSPC submitted the Deen Dayal West Field Development Plan in accordance with the provisions of the Production Sharing Contract to the Management Committee including the Government of India for approval.

On November 11, 2009 it was announced that the Field Development Plan was approved with the following details:

- Includes fifteen wells; four existing wells (KG#8, KG#15, KG#17 and KG#28) and eleven new development wells which include three slant wells and eight multilateral wells to be drilled.
  - Production facilities to include:
- Two offshore platforms (one well head and one central processing);
- 20 kilometer long pipeline of 24 inch diameter up to landfall point; and
- One onshore gas terminal to include a gas sweetening unit, gas dehydration unit, dew point depression unit, condensate stabilization unit, sulphur recovery unit and a captive power unit.
- Delivery point for gas will be the outlet flange of delivery facility located at the onshore terminal at Mallavaram Village, near Yanam, Kakinada, Andhra Pradesh.
- First gas production to commence December 2011.
- GSPC as operator will apply for a 17 square kilometer mineral lease to cover this area.

GSPC estimated in the Field Development Plan that on a preliminary basis, the gross costs for the production facilities will be approximately US\$941 million and US\$860 million for the future development drilling costs.

Under current SEC Rules, at this time, GeoGlobal claims no reportable reserves on the KG Offshore Block.



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Seven wells (KG#21, KG#31, KG#16, KG#33, KG#22, KG#32 and KG#19) which do not form part of the Deen Dayal West Field Development Plan are awaiting further appraisal before the preparation and submission of a declaration of commerciality pursuant to the PSC can be supported.

### KG#20-SS Well

The KG#20-SS exploratory well commenced drilling using the Essar Wildcat self propelled semi-submersible drilling rig. The KG#20-SS is located approximately 5.22 kilometers to the northeast of the KG#19 well in approximately 150 meters of water. The well is planned to be drilled vertically to a depth of approximately 5,275 meters. The objective of the KG#20-SS is to explore four targets with a strong amplitude signature on seismic in the Lower Cretaceous Sequence in glauconitic sands similar to that which was encountered in the KG#19 well.

As at November 13, 2009 the KG#20-SS well continues to drill and is at approximately 4,000 meters in depth.

### KG#21 Well

The KG#21 exploratory well commenced drilling on September 22, 2008 using the Perro Negro 3 (PN-3) jack-up drilling rig. The well is located approximately 1.36 kilometers northwest of the KG#8 discovery in approximately 60 meters of water depth in the southwestern portion of the KG Offshore Block in the Deen Dayal North-west fault block. The well was slightly deviated and was drilled to a depth of 5,656 meters being a total vertical depth of 5,467 meters. The objective of the KG#21 location was two main targets with the primary target being the Lower Cretaceous sequence which was unable to be tested in the KG#31 exploratory well due to mechanical problems and the secondary target being the Upper Cretaceous fan deposits.

As at November 13, 2009, with the successful completion of the drill stem tests, the KG#21 well has been suspended and the PN-3 drilling rig has been released. Four drill stem tests were completed on the KG#21 well in the Lower Cretaceous sequence over the 722 gross meter interval of 4,920.5 to 5,642.5 meters and one drill stem test over the interval 3,592.5 to 3,630 meters in the Upper Cretaceous. The results of these successful drill stem tests were as follows:

DST-1, the first drill stem test was conducted by perforating 37.5 net meters over the gross interval 5,593.7 to 5,642 meters. This successful DST-1 flowed during clean-up, on a 36/64 inch choke at a stabilised rate of 20 MMscfd gas and 2,600 barrels per day water with 4,670 psi (pounds per square inch) flowing well head pressure. During the main flow, on a 20/64 inch choke, the well flowed at a stabilised rate of 10 MMscfd gas and 1,200 barrels per day water with 7,220 pounds per square inch flowing well head pressure.

DST-2, the second drill stem test was conducted by perforating 25 net meters over the gross interval 5,517 to 5,567 meters. DST-2 flowed during clean-up, on a 24/64 inch choke at a stabilised rate of 1.5 MMscfd gas and 500 barrels per day water with 1,000 psi flowing well head pressure.

DST-3 was conducted by perforating 20 net meters over the gross interval 5,425 to 5,474 meters. DST-3 flowed during clean-up at a stabilised rate of 0.65 MMscfd of gas with 270 psi flowing well head pressure.

DST-4 was conducted by perforating 56 net meters over the gross interval 5,193 to 5,321 meters. DST-4 flowed during clean-up at a stabilised rate of 1.0 MMscfd of gas with 530 psi flowing well head pressure.

DST-5 is currently being conducted in the Upper Cretaceous by perforating 15 net meters over the gross interval 3,592.5 to 3,630 meters. DST-5 flowed during clean-up at a stabilised rate of 6.5 MMscfd gas and 600 barrels per day condensate with 2,530 psi flowing well head pressure.

### KG#33 Well

The KG#33 appraisal well commenced drilling on November 4, 2008 using the Atwood Beacon jack-up drilling rig. The well is located approximately 6.5 kilometers northeast of the KG#8 discovery in approximately 109 meters of water depth in the southeastern portion of the KG Offshore Block in the Deen Dayal East fault block. The well was directionally drilled to a total depth of 5,126 meters being a total vertical depth of 4,596 meters. The objective of the KG#33 location is to explore the hydrocarbon potential of the Lower Cretaceous sequence in the Deen Dayal East fault block and correlate to the KG#16 discovery well.

As at November 13, 2009, with the successful completion of the drill stem tests on the KG#33, the well has been suspended and the Atwood Beacon jack-up drilling rig has been released. Three drill stem tests were conducted on the KG#33 well over the 313 gross meter interval of 4,555 to 4,868 meters.

DST-1, the first drill stem test was conducted by perforating 5.0 net meters over the gross interval 4,828 to 4,868 meters. This DST-1 flowed during clean-up, on a 20/64 inch choke, at a stabilised rate of 0.7 MMscfd gas with 800 pounds per square inch flowing well head pressure. DST-1 was subsequently stopped and the operator performed a hydraulic fracture over the same 5 meter interval. The result was DST-1A which had an increase in flow through a 16/64 inch choke to a stabilized rate of 6.3 MMscfd gas with 5,500 psi flowing will head pressure.

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DST-2 was conducted by perforating a net interval of 34.5 meters over a gross interval from 4,692 to 4,752 meters. DST-2 recorded flow during clean-up, on a 16/64 inch choke at a stabilised rate of 0.9 MMscfd with a 700 psi flowing well head pressure.

DST-3 was conducted by perforating a 5 meter interval from 4,596 to 4,601 meters. A hydraulic fracture job was conducted over this interval resulting in a stabilised flow during clean-up through a 24/64 inch choke of 4.8 MMscfd with a 1,730 flowing well head pressure.

**Carried Interest Dispute on the KG Offshore Block**

GSPC, the operator of the KG Offshore Block in which we have a net 5% carried interest, has advised us that it is seeking from us our pro rata portion of the amount by which the sums expended by GSPC under all phases for the Minimum Work Program as set forth in the PSC for the KG Offshore Block in carrying out exploration activities on the block exceeds the amount that GSPC deems to be our pro rata portion of a financial commitment under all phases included in the parties' joint bid for the award of the KG Offshore Block by the Government of India.

GSPC contends that this excess amount is not within the terms of the Carried Interest Agreement. GSPC asserts that we are required to pay 10% of the exploration expenses over and above gross costs of \$59.23 million (10% being \$5.92 million) (including the net 5% interest of Roy Group (Mauritius) Inc.) plus interest.

Based upon the most recent correspondence from GSPC dated November 28, 2008, GSPC asserts that the amount payable is Rs. 365.9 crore (approximately \$78.7 million) plus interest as of September 30, 2008, of which 50% is for the account of Roy Group (Mauritius) Inc.. We estimate that the amount of GSPC's claim as of September 30, 2009 to be approximately \$143.0 million plus interest. We dispute this assertion of GSPC.

We have advised GSPC that, under the terms of the Carried Interest Agreement, the terms of which are also incorporated into the PSC and the Joint Operating Agreement, it has no right to seek the payment and that we believe the payment GSPC is seeking is in breach of the Carried Interest Agreement. We further reminded GSPC that over the past six years we have fulfilled our obligations under the Carried Interest Agreement to provide extensive technical assistance without any further remuneration other than the carried interest, all in accordance with the terms of the Carried Interest Agreement. In furtherance of our position, we have obtained the opinion of Indian legal counsel who has advised us that, among other things, under the terms of the agreements between the parties, and in particular the Carried Interest Agreement, we are not liable to pay any amount to GSPC for either costs and expenses incurred or otherwise before reaching the stage of commercial production.

We continue to be of the view that, under the terms of the Carried Interest Agreement, we have a carried interest in the exploration activities conducted by the parties on the KG Offshore Block for 100% of our share (including the share of Roy Group (Mauritius) Inc.) of costs during the exploration phase prior to the start date of initial commercial production on the KG Offshore Block. To date, commercial production has not been achieved on the block. As such, we are of the view that the additional costs of drilling future exploration wells over and above the Minimum Work Program on the KG Offshore Block as proposed by GSPC under the PSC, shall be subject to the Carried Interest Agreement and shall be carried by GSPC.

We intend to vigorously protect our contractual rights in accordance with the dispute resolution process under the Carried Interest Agreement, the PSC and the Joint Operating Agreement as may be appropriate. In September 2007, we commenced discussions with GSPC in an effort to reach an amicable resolution however no agreement has been reached as of November 13, 2009.

GSPC by letter dated August 27, 2008 advised the Director General of Hydrocarbons that the Minimum Work Program for all phases under the PSC relating to the KG Offshore Block has been fulfilled. On November 5, 2008

GSPC advised us that the Minimum Work Program for all Exploration Phases of the KG Offshore Block had been completed as of September 30, 2008 and same has been noted by Directorate General of Hydrocarbons. As such, GSPC advised us that it has elected to undertake an additional work program over and above the Minimum Work Program as either Joint Operations or as Exclusive Operations under the terms of the PSC and that we must elect whether we wish to participate in these future exploration activities over and above the Minimum Work Program on the KG Offshore Block or alternatively, GSPC will conduct these drilling activities as Exclusive Operations, as defined in the PSC.

On November 13, 2008 we advised GSPC that we exercised our right to participate in the drilling operations proposed in the November 5, 2008 GSPC letter as a Joint Operation under the terms of the PSC and Joint Operating Agreement. Further, we advised GSPC, among other things, that our exercise was done pursuant to the terms of our Carried Interest Agreement with GSPC, and as such we would be carried for 100% of all of our share of any costs during the exploration phase prior to the start of initial commercial production and that the Carried Interest Agreement extends through the exploration period of the PSC.

#### Krishna Godavari Onshore Block

In a recent Technical Committee meeting held July 8, 2009, it was agreed among the parties to pursue the 3D seismic and drilling commitments simultaneously, by identifying prospects and locations based upon the available reprocessed 2D seismic data and related geoscientific information allowing us the ability to meet our Minimum Work Program commitment for Phase I within the necessary timelines, being February 17, 2012.

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Four priority locations have been proposed by us and reviewed and agreed to by Oil India Ltd. as operator. All of these locations have multiple prospects in both the shallower (Eocene – Miocene) and the deeper (Cretaceous – Jurassic) zones.

All necessary steps are currently being undertaken by Oil India Ltd. as operator in an effort to commence the drilling of the first of twelve exploration wells by the first quarter of 2010.

### Tarapur Block

#### Tarapur 1 Discovery Area

As previously reported, in a meeting held on May 4, 2009, the Management Committee approved the Tarapur 1 field development plan which covers an area of approximately 2.14 square kilometers within the Tarapur 1 Discovery Area of approximately 9.7 square kilometers and includes three existing discovery wells (Tarapur 1, Tarapur P and Tarapur 5) and three development wells (TD-1, TD-2 and TD-3). Five of these six wells are tied into the oil tank storage facilities by way of a gathering system. A Chapman Petroleum Engineering Ltd. reserve report for these six wells indicates total proved oil reserves of 0.245 net MMSTB (million stock tank barrels) at December 31, 2008.

First production from the three discovery wells commenced in May 2009. Two development wells (TD-2 and TD-3) commenced production during the month of September 2009 bring the total number of wells currently producing to five. Average gross production for the three months ending September 30, 2009 from these wells was approximately 352 Bbls/d of oil for total gross production since commencement of production to September 30, 2009 of approximately 54,525 Bbls of oil. The Company's participating interest share of this oil production is 14%.

In addition to the crude oil production, natural gas is being produced and flared off. GSPC as operator is building a new gas line in order to collect and sell the gas.

As at November 13, 2009, there are twelve additional wells which are drilled, tested and awaiting tie-in to the oil tank storage facilities. GSPC as operator is currently in the process of preparing and filing the necessary declarations of commerciality and field development plans pursuant to the provisions of the PSC in conjunction with building the gas pipeline in order to bring these additional twelve wells within the Tarapur 1 Discovery Area onto production. It is the intention of GSPC to have all of these wells on production before the end of the first quarter of 2010.

#### Other Areas of Tarapur Block

Exploration activities on the remaining areas of the Tarapur Block are conducted in three separate areas based on their relative location on the block as follows:

- Tarapur South

As at November 13, 2009, five wells have been drilled in the Tarapur South area. The five suspended wells are awaiting further testing and appraisal before the submission of a declaration of commerciality pursuant to the terms of the PSC. The Tarapur South area is located approximately 40 kilometers to the southeast of the Tarapur 1 Discovery Area.

- Tarapur North

As at November 13, 2009, thirteen wells have been drilled and three previously drilled wells have been re-entered in the Tarapur North area. Of these sixteen wells, seven have been reported by GSPC as oil discoveries and are currently suspended along with two others, and seven have been abandoned. The nine suspended wells are awaiting further appraisal before the submission of a declaration of commerciality pursuant to the terms of the PSC. The Tarapur North area is located adjacent to and extending approximately thirty kilometers to the northeast of the Tarapur 1 Discovery Area.

- Tarapur East

There are no wells drilled to date in the Tarapur East area. The consortium has applied for an 18 month extension of the exploration phase to May 22, 2010 in order to acquire 330 square kilometers of 3D seismic and drill five exploration wells. Approval for the extension is still pending. The Tarapur East area is located approximately forty kilometers to the east of the Tarapur 1 Discovery Area.

GSPC, as operator continues to prepare a work program and budget for the fiscal year April 1, 2009 to March 31, 2010. We believe the program will entail the drilling of development wells to focus on increasing production from the Tarapur Block however, no program or budget figures have been provided.

#### Sanand/Miroli Block

During the nine months ended September 30, 2009 the M-8 exploratory well was drilled to a total depth of 3,405 meters. This well was the first of the two well drilling commitment for Phase III. As at November 13, 2009, GSPC as operator is evaluating the location of the second exploratory well and is also considering possible appraisal wells to be drilled and budgeted for the fiscal year April 1, 2009 to March 31, 2010.

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As at November 13, 2009, nineteen wells have been drilled on this block. Of these nineteen wells, sixteen are exploration wells and three are appraisal wells. There is one exploratory well remaining to be drilled to complete our Minimum Work Program commitment for the final phase of the exploration period covering this block.

Six wells are discovery wells as reported by GSPC to the Director General of Hydrocarbons under the terms of the PSC. Eight wells are currently suspended awaiting further appraisal and five wells have been abandoned.

### Ankleshwar Block

On September 18, 2009, GSPC as operator applied for a twelve month extension of Phase I to September 30, 2010 to complete the exploratory drilling commitments under Phase I on this block, which approval is pending. Drilling of two exploratory wells (Ank-35 and Ank-38) commenced during the third quarter of 2009, leaving four exploratory wells remaining to be drilled under the Phase I Minimum Work Program. An appraisal well (Ank-21-A1) to further appraise the Ank-21 oil discovery under the terms of the PSC also commenced drilling during the third quarter of 2009.

As at November 13, 2009, ten exploratory wells and one appraisal well have been drilled on this block. Of the eleven wells, one has completed testing and is suspended, six are being tested and four are to be abandoned.

### Mehsana Block

During the nine months ended September 30, 2009, the CB-3E well was drilled to a total depth of 2,450 meters to appraise the CB-3A discovery. As at November 13, 2009, the CB-3E well was tested and has been suspended as no significant quantities of hydrocarbons have been noted.

Jubilant Offshore Drilling Pvt. Ltd. continues to await the approval from the Directorate General of Hydrocarbons requesting an extension of six months to Phase I from the date of approval of such request to complete a testing and stimulation program on the remaining four existing wells (CB-3A, 4, 5A & 6). As at November 13, 2009, this approval is pending.

As at November 13, 2009, eight wells have been drilled on this block. Of these eight wells, seven are exploration wells which fulfill our Phase I Minimum Work Program commitment and one is an appraisal well.

### DS03 and DS04 Blocks

During the nine months ended September 30, 2009, the field work for the acquisition, processing and interpretation of the gravity magnetic survey on these blocks was completed. It is our intention as operator of the blocks to complete a 12,000 line kilometer aeromagnetic survey before the end of the first quarter 2010. This survey is awaiting approval from the Government of India.

### RJ20 and RJ21 Blocks

During the nine months ended September 30, 2009, the consortium completed the processing and interpretation of the recently acquired 3D seismic program of approximately 1,300 square kilometers on both of these blocks. We have identified a number of drilling locations to commence drilling in the first quarter of 2010 which are awaiting approval from Oil India Ltd. as operator.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from changes in market rates and prices. We are exposed to the impact of market fluctuations associated with the following:

### Interest Rate Risk

We consider our exposure to interest rate risk to be immaterial. Interest rate exposures relate entirely to our investment portfolio, as we do not have short-term or long-term debt. Our investment objectives are focused on preservation of principal and liquidity. We manage our exposure to market risks by limiting investments to high quality bank issuers at short-term rates, or government securities of the United States or Canadian federal governments such as Guaranteed Investment Certificates or Treasury Bills. We do not hold any of these investments for trading purposes. We do not hold equity investments. We do not expect any material loss from cash equivalents and therefore we believe our interest rate exposure on invested funds is not material.

#### Foreign Currency Exchange Risk

Substantially, all of our cash and cash equivalents are held in U.S. dollars or U.S. dollar denominated securities. Certain of our expenses are fixed or denominated by foreign currencies including the Canadian dollar and the Indian Rupees. We are exposed to market risks associated with fluctuations in foreign currency exchange rates related to our transactions denominated in currencies other than the U.S. dollar.

At September 30, 2009, we had not entered into any market risk sensitive instruments relating to our foreign currency exchange risk.



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### Commodity Price Risk

With respect to our oil and gas revenues, cash flow, profitability and future rate of growth we achieve will be greatly dependent upon prevailing prices for oil and natural gas. Our ability to obtain or maintain any borrowing capacity and to obtain additional capital on attractive terms is also expected to be dependent on oil and natural gas prices. Historically, oil and natural gas prices are subject to wide fluctuations and market uncertainties due to a variety of factors that are beyond our control. These factors include the level of global demand for petroleum products, international supply of oil and gas, the establishment of and compliance with production quotas by oil exporting countries, weather conditions, the price and availability of alternative fuels, and overall world economic conditions.

We cannot predict future oil and natural gas prices with any degree of certainty. Lower oil and natural gas prices may not only decrease our revenues on a per unit basis, but may also reduce the amount of oil and natural gas we can produce economically, if any. A substantial or extended decline in oil and natural gas prices may materially affect our future business, financial condition, results of operations, and capital resources and we may require a reduction in the carrying value of our oil and gas properties. Similarly, an improvement in oil and gas prices can have a favorable impact on our financial condition, results of operations and capital resources, exploration and production costs and acquisition costs for additional properties may also increase.

At September 30, 2009, we had not entered into any market risk sensitive instruments as such term is defined in Item 305 of Regulation S-K, relating to oil and natural gas.

### Trading Risks

We have no market risk sensitive instruments held for trading purposes.

## ITEM 4. CONTROLS AND PROCEDURES

### Disclosure Controls

Our management, with participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2009. Disclosure controls and procedures are defined under SEC rules as controls and other procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based on the identification of the material weaknesses in our internal control over financial reporting described in our Annual Report on Form 10-K for the year ended December 31, 2008, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of September 30, 2009, however, along with the Plan as disclosed in our Form 10-K for the year ended December 31, 2008, we continue to take steps to correct this situation.

### Changes in Internal Controls

During the three months ended September 30, 2009, a Special Committee of one independent director was appointed by the Board of Directors to interface with senior management on a weekly basis and report back to the Board on a regular basis. The objective of the Special Committee is to oversee the implementation of new controls designed to remediate some of the material weaknesses as described in our Form 10-K for the year ended December 31, 2008.

Although we have implemented the above process, we are unable to conclude the material weaknesses have been remediated as of September 30, 2009 until the new internal controls operate for a sufficient period of time, are tested, and management concludes that these controls are operating effectively. We expect to complete our analysis by the end of the fiscal year ending December 31, 2009.

There were no other changes in our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, during the third quarter of 2009, that materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

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PART II  
OTHER INFORMATION

ITEM 1A. RISK FACTORS

Risks relating to us are described in detail in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2008 filed on March 27, 2009. Changes or additions to certain of those risk factors which may be deemed to be material have been included in this quarterly report. Reference should be made to our Annual Report as well as to the following for complete information regarding all risk factors material to investors.

**We Have A History Of Losses And Our Liquidity Position Imposes Risk To Our Operations**

To date, we have not earned any material revenues from our operations and we are considered to be in the development stage of our operations. We have incurred negative cash flows from our operations, and at this time all exploration activities and overhead expenses have been financed by way of the issue and sale of equity securities and interest income on our cash balances. The recoverability of the costs we have incurred to date is uncertain and is dependent upon achieving substantial commercial production or sale. Our prospects must be considered in light of the risks, expenses and difficulties which are frequently encountered by companies in their early stage of operations, particularly companies in the oil and gas exploration industry.

Our 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 oil and natural gas interests in the future. Our current operations are dependent upon the adequacy of our current assets to meet our current expenditure requirements and the accuracy of management's estimates of those requirements. Should those estimates be materially incorrect, our liability to continue as a going concern may be impaired. Our condensed consolidated financial statements as at and for the period ended September 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. During the nine months ended September 30, 2009, we incurred a net loss of approximately \$3.2 million, used approximately \$2.1 million of cash flow in its operating activities, used approximately \$5.1 million in its investing activities and had an accumulated deficit of approximately \$27.6 million. These matters raise doubt about our ability to continue as a going concern.

We expect to incur substantial expenditures to further our exploration programs and our existing cash balance and any cash flow from operating activities may not be sufficient to satisfy the current obligations and meet our exploration commitments. We are considering various alternatives to remedy any future shortfall in capital. We may deem it necessary to raise capital through equity markets, debt markets or other financing arrangements which could include the sale of oil and gas interests, or participation arrangements in oil and gas agreements, to raise capital for continued exploration and development expenditures. Because of the early stage of our operations and our limited current revenues, there can be no assurance this capital will be available and if it is not, we may be forced to substantially curtail or cease exploration block acquisition and/or exploration and development expenditures which could lead to our inability to meet all of our commitments under all our PSCs.

Should the going concern assumption not be appropriate and we are not able to realize our assets and settle our liabilities, commitments and contingencies, as more fully described in our condensed consolidated financial statements in the normal course of operations, our consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant. Our condensed consolidated financial statements do not reflect the adjustments or reclassifications of assets and liabilities that would be necessary if we are unable to continue as a going concern.

**GSPC Is Seeking a Payment From Us In the Amount Of Approximately \$143.0 Million Plus Interest As Of September 30, 2009 On Account Of GSPC's Exploration Costs On the KG Offshore Block**

GSPC, the operator of the KG Offshore Block in which we have a net 5% carried interest, has advised us that it is seeking from us our pro rata portion of the amount by which the sums expended by GSPC under all phases for the Minimum Work Program as set forth in the PSC for the KG Offshore Block in carrying out exploration activities on the block exceeds the amount that GSPC deems to be our pro rata portion of a financial commitment under all phases included in the parties' joint bid for the award of the KG Offshore Block by the Government of India.

GSPC contends that this excess amount is not within the terms of the Carried Interest Agreement. GSPC asserts that we are required to pay 10% of the exploration expenses over and above gross costs of \$59.23 million (10% being \$5.92 million) (including the net 5% interest of Roy Group (Mauritius) Inc.) plus interest.

Based upon the most recent correspondence from GSPC dated November 28, 2008, GSPC asserts that the amount payable is Rs. 365.9 crore (approximately \$78.7 million) plus interest as of September 30, 2008, of which 50% is for the account of Roy Group (Mauritius) Inc.. We estimate that the amount of GSPC's claim as of September 30, 2009 to be approximately \$143.0 million plus interest. We dispute this assertion of GSPC.

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We have advised GSPC that, under the terms of the Carried Interest Agreement, the terms of which are also incorporated into the PSC and the Joint Operating Agreement, it has no right to seek the payment and that we believe the payment GSPC is seeking is in breach of the Carried Interest Agreement. We further reminded GSPC that over the past six years we have fulfilled our obligations under the Carried Interest Agreement to provide extensive technical assistance without any further remuneration other than the carried interest, all in accordance with the terms of the Carried Interest Agreement. In furtherance of our position, we have obtained the opinion of Indian legal counsel who has advised us that, among other things, under the terms of the agreements between the parties, and in particular the Carried Interest Agreement, we are not liable to pay any amount to GSPC for either costs and expenses incurred or otherwise before reaching the stage of commercial production.

We continue to be of the view that, under the terms of the Carried Interest Agreement, we have a carried interest in the exploration activities conducted by the parties on the KG Offshore Block for 100% of our share (including the share of Roy Group (Mauritius) Inc.) of costs during the exploration phase prior to the start date of initial commercial production on the KG Offshore Block. To date, commercial production has not been achieved on the block. As such, we are of the view that the proposed additional costs of drilling future exploration wells over and above the Minimum Work Program on the KG Offshore Block as proposed by GSPC under the PSC, shall be subject to the Carried Interest Agreement and shall be carried by GSPC.

We intend to vigorously protect our contractual rights in accordance with the dispute resolution process under the Carried Interest Agreement, the PSC and the Joint Operating Agreement as may be appropriate. However, there can be no assurance that GSPC will not institute arbitration or other proceedings seeking to recover the sum it claims we owe or otherwise contend we are in breach of the PSC or that the effect of GSPC seeking payment of this sum may not hinder our capital raising and other activities. In September 2007, we commenced discussions with GSPC in an effort to reach an amicable resolution however no agreement has been reached as of November 13, 2009.

GSPC by letter dated August 27, 2008 advised the Director General of Hydrocarbons that the Minimum Work Program for all phases under the PSC relating to the KG Offshore Block has been fulfilled. On November 5, 2008 GSPC advised us that the Minimum Work Program for all Exploration Phases of the KG Offshore Block had been completed as of September 30, 2008 and same has been noted by Directorate General of Hydrocarbons. As such, GSPC advised us that it has elected to undertake an additional work program over and above the Minimum Work Program as either Joint Operations or as Exclusive Operations under the terms of the PSC and that we must elect whether we wish to participate in these future exploration activities over and above the Minimum Work Program on the KG Offshore Block or alternatively, GSPC will conduct these drilling activities as Exclusive Operations, as defined in the PSC.

On November 13, 2008 we advised GSPC that we exercised our right to participate in the drilling operations proposed in the November 5, 2008 GSPC letter as a Joint Operation under the terms of the PSC and Joint Operating Agreement. Further, we advised GSPC, among other things, that our exercise was done pursuant to the terms of our Carried Interest Agreement with GSPC, and as such we would be carried for 100% of all of our share of any costs during the exploration phase prior to the start of initial commercial production and that the Carried Interest Agreement extends through the exploration period of the PSC.

**Our Internal Control Over Financial Reporting Was Not Effective As Of September 30, 2009 And Continuing Weaknesses In Our Internal Controls And Procedures Could Have A Material Adverse Effect On Us**

During our management's assessment of the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act in connection with the preparation of our Annual Report on Form 10-K for the year ended December 31, 2008 we identified material weaknesses in those controls as identified in Item 9A. - Controls and Procedures of our Annual Report.

As a result of management's philosophy and operating style, we did not maintain an effective control environment. We did not effectively communicate and emphasize controls and enforce corporate strategy and objectives, we did not define roles and responsibilities for employees and management; we did not effectively communicate and enforce policies and procedures for limiting authorization of significant transactions; we did not have a formal process to monitor the competencies and performance of consultants, employees and management to ensure that roles and responsibilities are properly evaluated on a timely basis; and, we did not have sufficient resources with appropriate knowledge in generally accepted accounting principles to allow for an independent review in complex areas of financial reporting.

This control deficiency, which is pervasive in nature, could contribute to a material misstatement in the financial statements not being prevented or detected on a timely basis.

We have limited accounting personnel with appropriate knowledge of generally accepted accounting principles. Specifically, internal controls did not provide reasonable assurance that transactions related to the following areas were accounted for in accordance with generally accepted accounting principles:

- Impairment Assessment Under Full Cost Method of Accounting for Petroleum and Natural Gas Properties

This resulted in a material adjustment to our 2008 annual financial statements prior to issuance.

- Income Taxes

This did not result in an adjustment to our 2008 annual financial statements.

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As a result of these material weaknesses as at December 31, 2008, our Chief Executive Officer and our Chief Financial Officer concluded that our internal control over financial reporting and our disclosure controls and procedures continue to be ineffective as of September 30, 2009, due to the conditions that led to the identification of the material weaknesses. We continue to take certain steps to remediate these material weaknesses. Although these actions are continuing, we anticipate that these actions when fully completed and tested will remediate the material weaknesses we identified and strengthen our internal controls over financial reporting. However we cannot assure you that the finalized measures that we implement will effectively address such material weaknesses or that additional material weaknesses may not develop in the future.

Remedying the currently existing material weaknesses, as well as any additional significant deficiencies or material weaknesses that we or our independent auditors may identify in the future, may require us to incur significant costs and expend significant time and management resources. If we fail to timely remedy any current or additional material weaknesses or significant deficiencies that we or our auditors may identify or if we cannot produce reliable financial reports, we may be unable to comply with our periodic reporting requirements, accurately report our financial results, detect fraud or comply with the requirements of Section 404 of the Sarbanes-Oxley Act all of which could result in a loss of investor confidence in the accuracy, timeliness and completeness of our financial reports. As a consequence, the market price of our common stock could decline significantly, we may be unable to obtain additional financing to operate and expand our business and financial condition could be materially harmed. In addition, we can give no assurance that our independent auditors will agree with our management's assessment of the effectiveness of our internal control over financial reporting at that time.

**We Expect to Have Substantial Requirements For Additional Capital That May Be Unavailable To Us Which Could Limit Our Ability To Participate In Our Existing and Additional Ventures Or Pursue Other Opportunities. Our Available Capital is Limited**

In order to participate under the terms of our PSCs and engage in development drilling where discoveries believed to be commercial are made, as well as in further joint venture arrangements leading to the possible grant of exploratory drilling opportunities, we will be required to contribute or have available to us material amounts of capital. Under the terms of our Carried Interest Agreement relating to the KG Offshore Block, after the start date of initial commercial production on the KG Offshore Block, and under the terms of the nine other PSCs we are parties to, we are required to bear our proportionate share of costs during the exploration phases of those agreements. There can be no assurance that our currently available capital will be sufficient for these purposes or that any additional capital that is required will be available to us in the amounts and at the times required. Such capital also may be required to secure bonds in connection with the grant of exploration rights, to conduct or participate in exploration activities or be engaged in both exploration and development drilling and completion activities. We intend to seek the additional capital to meet our requirements from equity and debt offerings of our securities or other financing arrangements which could include sale of oil and gas interests, or participation arrangements in oil and gas interests, to raise capital for continued exploration and development expenditures. Our ability to access additional capital will depend in part on the success of the ventures in which we are a participant in locating reserves of oil and gas and developing producing wells on the exploration blocks, the results of our management in locating, negotiating and entering into joint venture or other arrangements on terms considered acceptable, as well as the status of the capital markets at the time such capital is sought.

There can be no assurance that capital will be available to us from any source or that, if available, it will be at prices or on terms acceptable to us. Should we be unable to access the capital markets or should sufficient capital not be available at times we require it, our activities could be delayed or reduced and, accordingly, any future exploration opportunities, revenues and operating activities may be adversely affected and could also result in our breach of the terms of a PSC which could result in the loss of our rights under the contract.

As of September 30, 2009, we had cash and cash equivalents of approximately \$18.3 million. We believe that our available cash resources will be sufficient to meet all our expenses and cash requirements during the next twelve months for our present level of operations on the ten exploration blocks in which we are currently a participant in. Although exploration activity budgets are subject to ongoing review and revision, our present estimate of our commitments of capital pursuant to the terms of our PSCs relating to our ten exploration blocks totals approximately \$10.0 million to the twelve months ending September 30, 2009. We anticipate our expenditures on the KG Onshore Block to be \$2.2 million based upon a 10% participating interest. Upon receipt of approval from the Government of India for the increase to a 25% participating interest, these expenditures will increase to \$3.3 million. Our ability to meet these and possible other expenditures is subject to the accuracy of our estimates. Any further PSCs we may seek to enter into or any expanded scope of our operations or other transactions that we may enter into may require us to fund our participation or capital expenditures with amounts of capital not currently available to us. We may be unsuccessful in raising the capital necessary to meet these capital requirements.



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### We Commenced Production From The Tarapur Field During The Second Quarter Of 2009 Which May Give Rise To Certain Additional Risks To Our Operations

The commencement of production in May 2009 from the Tarapur Field for our account may give rise to certain additional risks as follows:

- Unless the Tarapur venture in which we are a participant successfully replaces the oil and natural gas reserves that are produced, reserves will decline, resulting eventually in a decrease in the quantities of oil and natural gas able to be produced and lower revenues and cash flow from operations. Reserves are expected to be replaced through exploitation, development and exploration. Reserves may be unable to be replaced by exploitation, development and exploration activities at acceptable costs. GSPC is the operator of the Tarapur Block.
  - Our revenues, operating results, and cash flow from production of oil and gas depend substantially upon prevailing prices for oil and gas. Historically, oil and gas prices and markets have been volatile, and they are likely to continue to be volatile in the future. A significant decrease in oil and gas prices could have a material adverse effect on our cash flow and profitability and would adversely affect our financial condition and the results of our operations. Prices for oil and gas revenues fluctuate in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond our control.
- Reserve information that we may provide will represent estimates based on reports prepared by our independent petroleum engineers, as well as internally generated reports. Petroleum engineering is not an exact science. Information relating to proved oil and gas reserves is based upon engineering estimates derived after analysis of information we furnish or furnished to us by the operator of the property. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, capital expenditures and workover and remedial costs, all of which may in fact vary considerably from actual results. Oil and gas prices, which fluctuate over time, may also affect proved reserve estimates. For these reasons, estimates of the economically recoverable quantities of oil and gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected there from prepared by different engineers or by the same engineers at different times may vary substantially. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material. Either inaccuracies in estimates of proved undeveloped reserves or the inability to fund development could result in substantially reduced reserves. In addition, the timing of receipt of estimated future net revenues from proved undeveloped reserves will be dependent upon the timing and implementation of drilling and development activities estimated by us for purposes of the reserve report.
- Quantities of proved reserves are estimated based on economic conditions in existence in the period of assessment. Lower oil and gas prices may have the impact of shortening the economic lives on certain fields because it becomes uneconomic to produce all recoverable reserves on such fields, thus reducing proved property reserve estimates. If such revisions in the estimated quantities of proved reserves occur, it will have the effect of increasing the rates of depreciation, depletion and amortization on the affected properties, which would decrease earnings or result in losses through higher depreciation, depletion and amortization expense. The revisions may also be sufficient to trigger impairment losses on certain properties that would result in a further non-cash charge to earnings.

### Cautionary Statement For Purposes Of The “Safe Harbor” Provisions Of The Private Securities Litigation Reform Act Of 1995

With the exception of historical matters, the matters discussed in this Report are “forward-looking statements” as defined under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. Forward-looking statements made herein include, but are not limited to:

- the statements in this Report regarding our plans and objectives relating to our future operations,

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plans and objectives regarding the exploration, development and production activities conducted on the exploration blocks in India in which we have interests,

- plans regarding drilling activities intended to be conducted through the ventures in which we are a participant, the success of those drilling activities and our ability and the ability of the ventures to complete any wells on the exploration blocks, to develop reserves of hydrocarbons in commercially marketable quantities, to establish facilities for the collection, distribution and marketing of hydrocarbons, to produce oil and natural gas in commercial quantities and to realize revenues from the sales of those hydrocarbons,
- our ability to maintain compliance with the terms and conditions of our PSCs, including the related work commitments, to obtain consents, waivers and extensions from the Director General of Hydrocarbons or Government of India as and when required, and our ability to fund those work commitments,
- our plans and objectives to join with others or to directly seek to enter into or acquire interests in additional PSCs with the Government of India and others,
  - our assumptions, plans and expectations regarding our future capital requirements,
  - our plans and intentions regarding our plans to raise additional capital,

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- the costs and expenses to be incurred in conducting exploration, well drilling, development and production activities, our estimates as to the anticipated annual costs of those activities and the adequacy of our capital to meet our requirements for our present and anticipated levels of activities are all forward-looking statements.

These statements appear, among other places, in Part I under the caption “Item 2. - Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Part II under the caption “Item 1A. - Risk Factors”. If our plans fail to materialize, your investment will be in jeopardy.

- We cannot assure you that our assumptions or our business plans and objectives discussed herein will prove to be accurate or be able to be attained.
- We cannot assure you that any commercially recoverable quantities of hydrocarbon reserves will be discovered on the exploration blocks in which we have an interest.
- Our ability to realize revenues cannot be assured. Our ability to successfully drill, test and complete producing wells cannot be assured.
- We cannot assure you that we will have available to us the capital required to meet our plans and objectives at the times and in the amounts required or we will have available to us the amounts we are required to fund under the terms of the PSCs we are a party to.
- We cannot assure you that we will be successful in joining any further ventures seeking to be granted PSCs by the Government of India or that we will be successful in acquiring interests in existing ventures.
- We cannot assure you that we will obtain all required consents, waivers and extensions from the Director General of Hydrocarbons or Government of India as and when required to maintain compliance with our PSCs, that we may not be adversely affected by any delays we may experience in receiving those consents, waivers and extensions, that we may not incur liabilities under the PSCs for our failure to maintain compliance with and timely complete the related work programs, or that GSPC may not be successful in its efforts to obtain payment from us on account of exploration costs it has expended on the KG Offshore Block for which it asserts we are liable or otherwise seek to hold us in breach of that PSC or commence arbitration proceedings against us.
- We cannot assure you that the outcome of testing of one or more wells on the exploration blocks under our PSCs will be satisfactory and result in commercially-productive wells or that any further wells drilled will have commercially-successful results.

An investment in shares of our common stock involves a high degree of risk. There can be no assurance that the exploratory drilling to be conducted on the exploration blocks in which we hold an interest will result in any discovery of reserves of hydrocarbons or that any hydrocarbons that are discovered will be in commercially recoverable quantities. In addition, the realization of any revenues from commercially recoverable hydrocarbons is dependent upon the ability to deliver, store and market any hydrocarbons that are discovered.

Our inability to meet our goals and objectives or the consequences to us from adverse developments in general economic or capital market conditions, events having international consequences, or military or terrorist activities could have a material adverse effect on us. We caution you that various risk factors accompany those forward-looking statements and are described, among other places, under the caption “Risk Factors” herein. They are also described in our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K. These risk factors could cause our operating results, financial condition and ability to fulfill our plans to differ materially from those expressed in any forward-looking statements made in this Report and could adversely affect our financial condition and our ability to pursue our business strategy and plans. The company updates forward-looking information related to operations, production and capital spending on a quarterly basis and updates reserves, if any, on an annual basis.

31.1\* Certification of President and Chief Executive Officer Pursuant to Rule 13a-14(a)

31.2\* Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)

32.1\* Certification of President and Chief Executive Officer Pursuant to Section 1350 (furnished, not filed)

32.2\* Certification of Chief Financial Officer Pursuant to Section 1350 (furnished, not filed)

\* filed or furnished herewith

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

GEOGLOBAL RESOURCES INC.

November 16, 2009

By: /s/ Allan J. Kent

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Allan J. Kent  
Executive Vice President and Chief Financial Officer  
(Signing on behalf of the registrant and as  
Principal Financial and Accounting Officer)

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