

GEOGLOBAL RESOURCES INC.

Form 10-Q

June 27, 2008



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 March 31, 2008;
- 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 of organization)

33-0464753
(I.R.S. employer identification no.)

SUITE #310, 605 – 1 STREET SW, CALGARY, ALBERTA, CANADA T2P 3S9

(Address of principal executive offices, zip code)

403/777-9250

(Registrant's Telephone Number, Including Area Code)

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 proceeding 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

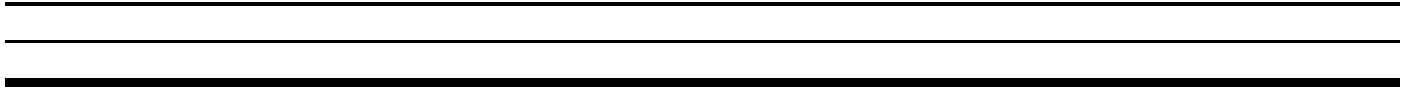
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES

NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 26, 2008
COMMON STOCK, PAR VALUE \$.001 PER SHARE	72,205,756



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

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2008	December 31, 2007
Assets		
Current		
Cash and cash equivalents	40,608,240	48,134,858
Accounts receivable	609,560	171,977
Prepays and deposits	162,935	100,052
	41,380,735	48,406,887
Restricted deposits	8,580,480	4,555,480
Property and equipment (note 3)	155,793	157,398
Oil and gas interests, not subject to depletion (note 4)	31,817,223	27,099,547
	81,934,231	80,219,312
Liabilities		
Current		
Accounts payable	5,324,692	3,908,506
Accrued liabilities	2,663,875	2,355,322
Due to related companies (note 8)	75,003	66,152
	8,063,570	6,329,980
Asset retirement obligation (note 5)	461,981	318,922
	8,525,551	6,648,902
Stockholders' Equity		
Capital stock (note 6)		
Authorized		
100,000,000 common shares with a par value of \$0.001 each		
1,000,000 preferred shares with a par value of \$0.01 each		
Issued		
72,205,755 common shares (December 31, 2007 – 72,205,755)	57,614	57,614
Additional paid-in capital	83,133,629	82,791,057
Deficit accumulated during the development stage	(9,782,563)	(9,278,261)
	73,408,680	73,570,410
	81,934,231	80,219,312

See Guarantees (note 11), Commitments (note 12) and Contingencies (note 13)

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

GEOGLOBAL RESOURCES INC.
(a development stage enterprise)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended Mar 31, 2008	Three months ended Mar 31, 2007 Restated note 7c	Period from Inception, Aug 21, 2002 to Mar 31, 2008
Expenses			
General and administrative	505,288	472,576	5,781,162
Consulting fees	301,988	91,201	5,462,702
Professional fees	114,317	231,572	1,904,964
Depreciation	12,632	11,650	279,367
Accretion expense	6,378	--	6,378
	940,603	806,999	13,434,573
Other expenses (income)			
Consulting fees recovered	--	--	(66,025)
Equipment costs recovered	--	--	(19,395)
Gain on sale of equipment	--	--	(42,228)
Foreign exchange (gain) loss	12,701	(4,509)	17,738
Interest income	(449,002)	(435,693)	(4,862,100)
	(436,301)	(440,202)	(4,972,010)
Net loss and comprehensive loss for the period	(504,302)	(366,797)	(8,462,563)
Net loss per share – basic and diluted (note 9)	(0.01)	(0.01)	

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

GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Number of shares	Capital Stock	Additional paid-in capital Restated note 7c	Accumulated Deficit Restated note 7c	Stockholders' Equity Restated note 7c
From inception August 21, 2002 to December 31, 2006					
Common shares issued on incorporation	1,000	64	--	--	64
Capital stock of GeoGlobal at August 29, 2003	14,656,687	14,657	--	10,914,545	10,929,202
Elimination due to reverse takeover	(1,000)	(14,657)	--	(10,914,545)	(10,929,202)
Issued on reverse takeover	34,000,000	34,000	1,072,960	--	1,106,960
Private placement financings	10,252,400	10,252	33,630,348	--	33,640,600
Options exercised	3,719,168	3,721	4,217,105	--	4,220,826
Purchase Warrants exercised	3,000,000	3,000	7,497,000	--	7,500,000
Broker Warrants exercised	580,000	580	869,420	--	870,000
Stock-based compensation	--	--	7,779,938	--	7,779,938
Share issuance costs	--	--	(2,165,871)	--	(2,165,871)
Net loss and comprehensive loss	--	--	--	(6,415,151)	(6,415,151)
	66,208,255	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 (note 6a)	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
	--	--	1,320,000	(1,320,000)	--

2005 Stock Purchase Warrant modification					
2005 Compensation Option & Warrant modification					
	--	--	240,000	--	240,000
S t o c k - b a s e d compensation					
	--	--	1,522,996	--	1,522,996
N e t l o s s a n d comprehensive loss for 2007					
	--	--	--	(1,543,110)	(1,543,110)
Balance as at December 31, 2007					
	72,205,755	57,614	82,791,057	(9,278,261)	73,570,410
Common shares issued during the period					
S t o c k - b a s e d compensation (note 7b)					
	--	--	342,572	--	342,572
N e t l o s s a n d comprehensive loss for the period					
	--	--	--	(504,302)	(504,302)
Balance as at March 31, 2008					
	72,205,755	57,614	83,133,629	(9,782,563)	73,408,680
See note 6 for further information					
The accompanying notes are an integral part of these Interim Consolidated Financial Statements					

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

	Three months ended Mar 31, 2008	Three months ended Mar 31, 2007 Restated Note 7c	Period from Inception, Aug 21, 2002 to Mar 31, 2008
Cash flows provided by (used in) operating activities			
Net loss	(504,302)	(366,797)	(8,462,563)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accretion expense (note 5)	6,378	--	6,378
Depreciation	12,632	11,650	279,367
Gain on sale of equipment	--	--	(42,228)
Stock-based compensation (note 7b)	172,493	262,482	5,458,138
2005 Compensation Option and Warrant modification	--	--	240,000
Changes in operating assets and liabilities:			
Accounts receivable	(162,014)	43,068	(258,991)
Prepays and deposits	17,775	(112,260)	(47,882)
Accounts payable	(227,047)	124,034	100,611
Accrued liabilities	(230,000)	--	210,000
Due to related companies	8,851	(24,709)	33,247
	(905,234)	(62,532)	(2,483,923)
Cash flows provided by (used in) investing activities			
Oil and gas interests	(4,410,916)	(1,496,603)	(27,174,252)
Property and equipment:	(11,027)	(350,744)	(475,732)
Proceeds on sale of equipment	--	--	82,800
Cash acquired on acquisition	--	--	3,034,666
Restricted deposits	(4,025,000)	396,073	(8,580,480)
Changes in investing assets and liabilities:			
Cash call receivable	(275,569)	--	(275,569)
Prepays and deposits	(80,658)	--	(115,053)
Accounts payable	1,643,233	(1,572,903)	5,175,073
Accrued liabilities	538,553	237,643	2,453,875
	(6,621,384)	(2,786,534)	(25,874,672)
Cash flows provided by (used in) financing activities			
Proceeds from issuance of common shares	--	20,200	74,952,165
Share issuance costs	--	--	(4,073,388)
Changes in financing liabilities:			
Note payable	--	--	(2,000,000)
Accounts payable	--	--	61,078
Due to related companies	--	--	26,980
	--	20,200	68,966,835

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Net increase (decrease) in cash and cash equivalents	(7,526,618)	(2,828,866)	40,608,240
Cash and cash equivalents, beginning of period	48,134,858	32,362,978	--
Cash and cash equivalents, end of period	40,608,240	29,534,112	40,608,240
Cash and cash equivalents			
Current bank accounts	358,421	83,453	358,421
Short term deposits	40,249,819	29,450,659	40,249,819
	40,608,240	29,534,112	40,608,240
Cash taxes paid during the period	11,850	5,375	77,363
The accompanying notes are an integral part of these Interim Consolidated Financial Statements			

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
(Unaudited)
March 31, 2008

1. 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 ("PSCs") with the Gujarat State Petroleum Corporation ("GSPC"), Oil India Limited ("OIL") among others, and the Government of India ("GOI") and the development thereof. To date, the Company has not earned revenue from these operations and is considered to be in the development stage. However, the recoverability of the costs incurred to date is uncertain and dependent upon achieving commercial production or sale, the ability of the Company to obtain sufficient financing to fulfill its obligations under the PSCs in India and upon future profitable operations and upon finalizing agreements. At March 31, 2008, Management of the Company believes the Company has sufficient capital resources which will meet all obligations and exploration commitments to March 31, 2009. The Company is a Delaware corporation whose common stock is listed and traded on the American Stock Exchange under the symbol GGR.

2. Significant Accounting Policies

a) Basis of presentation

The accompanying interim condensed consolidated financial statements of the Company, with the exception of the Consolidated Balance Sheet at December 31, 2007, have not been audited, are presented in United States ("US") dollars unless otherwise noted and have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

In the opinion of management, the interim condensed consolidated financial statements reflect all of the normal and recurring adjustments necessary to present fairly the financial position at March 31, 2008, the results of operations and its cash flows for the three months ended March 31, 2008, 2007 and for the period from inception of August 21, 2002 to March 31, 2008. In preparing the accompanying 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 our Annual Report on Form 10-K for the year ended December 31, 2007. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

b) Recently adopted Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for periods beginning after November

15, 2007. On February 12, 2008, the FASB issued Staff Position No. FAS 157-2 ("FSP 157-2") which proposed a one year deferral for the implementation of SFAS 157 for non-financial assets and liabilities that are recognized or disclosed at fair value on a nonrecurring basis (less frequent than annually).

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
(Unaudited)
March 31, 2008

2. Significant Accounting Policies (continued)

Effective January 1, 2008, the Company adopted SFAS 157 except for measurements of those non-financial assets and liabilities subject to the one-year deferral. Given the nature of our financial instruments, the adoption of SFAS 157 did not have an impact on our financial position, results of operations or cash flows. Beginning January 1, 2009, we will adopt the provisions for nonfinancial assets and nonfinancial liabilities that are not required or permitted to be measured at fair value on a recurring basis. We are in the process of evaluating this standard with respect to our effect on nonfinancial assets and liabilities and have not yet determined the impact that it will have on our financial statements upon full adoption in 2009.

SFAS 157, defines fair value, establishes a framework for measuring fair value, outlines a fair value hierarchy based on inputs used to measure fair value and enhances disclosure requirements for fair value measurements. Fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, use of unobservable prices or inputs are used to estimate the current fair value, often using an internal valuation model. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the item being valued.

SFAS 157 does not prescribe which valuation technique should be used when measuring fair value and does not prioritize among the techniques. SFAS 157 establishes a fair value hierarchy that prioritized the inputs used in applying the various valuation techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions, including assumptions about risk. Level 1 inputs are given the highest priority in the fair value hierarchy while Level 3 inputs are given the lowest priority. The three levels of the fair value hierarchy are as follows:

- Level 1 – Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets 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. The Company does not currently have any Level 1 inputs.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. These are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. The Company does not currently have any Level 2 inputs.
- Level 3 – Unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

Effective January 1, 2008, the Company adopted SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities". This standard allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The Company did not elect fair value as an alternative, as provided under SFAS 159 for any of its financial assets and liabilities that are not currently measured at fair value.

3. Property and Equipment

	March 31, 2008	December 31, 2007
Computer and office equipment	392,933	381,905
Accumulated depreciation	(237,139)	(224,507)
	155,794	157,398

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
(Unaudited)
March 31, 2008

4. Oil and Gas Interests

Exploration costs incurred in:	
2002	21,925
2003	178,829
2004	506,269
2005	3,250,700
2006	8,163,611
Period from Inception, Aug 21, 2002 to Dec 31, 2006	12,121,334
2007	14,978,213
Balance – December 31, 2007	27,099,547
Additions during the quarter ended March 31, 2008	4,717,676
Balance – March 31, 2008	31,817,223

a) Exploration costs

The exploration costs incurred to date are not subject to depletion. These exploration costs cover ten exploration blocks, known as the KG Offshore and Onshore Blocks, the Mehsana Block, the Sanand/Miroli Block, the Ankleshwar Block, the DS 03 and DS 04 Blocks, the Tarapur Block and RJ Block 20 and RJ Block 21. In addition, exploration costs include costs incurred in evaluating and bidding on other blocks in Egypt and the Middle East.

b) Carried Interest Agreement

On August 27, 2002, GeoGlobal entered into a CIA with GSPC, which grants the Company a 10% Carried Interest (“CI”) (net 5%) in the KG Offshore Block. The CIA provides that GSPC is responsible for GeoGlobal's entire share of any and all costs incurred during the Exploration Phase prior to the date of initial commercial production.

Under the terms of the CIA, all of GeoGlobal's and Roy Group (Mauritius) Inc.'s (“RGM”), a related party (see note 8a) proportionate share of capital costs for exploration and development activities will be recovered by GSPC without interest over the projected production life or ten years, whichever is less, from oil and natural gas produced on the Exploration Block. GeoGlobal is not entitled to any share of production until GSPC has recovered the Company's share of the costs and expenses that were paid by GSPC on behalf of the Company and RGM.

As at March 31, 2008, GSPC has incurred costs of approximately \$72.5 million attributable to GeoGlobal under the CIA of which 50% is for the account of RGM.

GeoGlobal has been advised by GSPC, that GSPC is seeking payment of the amount by which the exploration costs attributable to GeoGlobal under the PSC relating to the KG Offshore Block exceeds the amount that GSPC deems it is obligated to pay on behalf of GeoGlobal (including the net 5% participating interest of RGM) under the terms of the CIA. 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 \$5.92 million). GeoGlobal disputes this assertion of GSPC. See note 13a.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
(Unaudited)
March 31, 2008

5. Asset Retirement Obligation

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

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

	March 31, 2008	December 31, 2007
Asset retirement obligation at beginning of period	318,922	--
Obligations incurred	136,681	318,922
Accretion	6,378	--
Asset retirement obligation at end of period	461,981	318,922

In determining the fair value of the asset retirement obligations, the estimated cash flows of new obligations incurred during the period have been discounted at 8.0% (December 31, 2007 – 8.0%). The total undiscounted amount of the estimated cash flows required to settle the obligations is \$983,000 (December 31, 2007 - \$689,000). The obligations will be settled on an ongoing basis over the useful lives of the operating assets, which extend up to 10 years in the future.

6. Capital Stock

a) June 2007 Financing

During June 2007, GeoGlobal completed the sale of 5,680,000 Units of its securities at \$5.00 per Unit for aggregate gross cash proceeds of \$28,400,000.

Each Unit is comprised of one common share and one half of one warrant. One full warrant ("2007 Stock Purchase Warrant") entitles the holder to purchase one additional common share for \$7.50, for a term of two years expiring June 20, 2009. In addition, compensation options ("2007 Compensation Options") were issued to the placement agents entitling them to purchase an aggregate of 340,800 common shares at an exercise price of \$5.00 per share until June 20, 2009. The 2007 Stock Purchase Warrants and the 2007 Compensation Options are subject to accelerated expiration in the event that the price of the Company's common shares on the American Stock Exchange is \$12.00 or more for 20 consecutive trading days, the resale of the shares included in the Units and the shares issuable on exercise of the 2007 Stock Purchase Warrants and the 2007 Compensation Options have been registered under the US Securities Act of 1933, as amended (the "Act"), and the hold period for Canadian subscribers has expired. In such events, the term will be reduced to 30 days from the date of issuance of a news release announcing such accelerated expiration of the term. At March 31, 2008 since not all such events have occurred, the accelerated expiration of the term for the 2007 Stock Purchase Warrants and the 2007 Compensation Options has not been triggered.

b) Warrants and Compensation Options

i) 2007 Compensation Options

As at March 31, 2008, none of the 340,800 2007 Compensation Options were exercised. If fully exercised, the 2007 Compensation Options would result in the issuance of 340,800 common shares for gross proceeds of \$1,704,000

ii) 2007 Stock Purchase Warrants

As at March 31, 2008, none of the 2,840,000 2007 Stock Purchase Warrants were exercised. If fully exercised, the 2007 Stock Purchase Warrants would result in the issuance of 2,840,000 common shares for gross proceeds of \$21,300,000.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
(Unaudited)
March 31, 2008

6. Capital Stock (continued)

iii) 2005 Compensation Options

As at March 31, 2008, none of the 195,144 2005 Compensation Options were exercised. If fully exercised, the 2005 Compensation Options would result in the issuance of 195,144 Units at an exercise price of \$6.50 resulting in gross proceeds of \$1,268,436.

On September 6, 2007, the Company extended the expiration date of all outstanding 2005 Compensation Options and associated 2005 Compensation Option Warrants which were to expire on September 9, 2007, to June 20, 2009.

iv) 2005 Compensation Option Warrants

As at March 31, 2008, none of the 97,572 2005 Compensation Option Warrants have been issued as a result of the 2005 Compensation Options not being exercised. If the 2005 Compensation Options are exercised and the 2005 Compensation Option Warrants issued, such Warrants if exercised, would result in the issuance of 97,572 common shares for gross proceeds of \$878,148

v) 2005 Stock Purchase Warrants

As at March 31, 2008, none of the 2005 Stock Purchase Warrants have been exercised. If all of the 2005 Stock Purchase Warrants were exercised, it would result in the issuance of 2,126,200 common shares for gross proceeds of \$19,135,800.

On September 6, 2007, the Company extended the expiration date of all outstanding 2005 Stock Purchase Warrants which were to expire on September 9, 2007, to June 20, 2009.

c) Escrow shares

On August 29, 2003, the Company completed a transaction with Mr. Roy and GeoGlobal Resources (India) Inc. ("GeoGlobal India"), a corporation then wholly-owned by Mr. Roy, whereby the Company acquired from Mr. Roy all of the outstanding capital stock of GeoGlobal India. In exchange for the outstanding capital stock of GeoGlobal India, the Company issued 34.0 million shares of its Common Stock. Of the 34.0 million shares, 14.5 million shares were delivered to Mr. Roy at the closing of the transaction and 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 remaining in escrow will be released only if a commercial discovery as defined under the PSC is declared on the KG Offshore Block.

7. Stock Options

a) The Company's 1998 Stock Incentive Plan

Under the terms of the 1998 Stock Incentive Plan (the "Plan"), as amended, 12,000,000 common shares have been reserved for issuance on exercise of options granted under the Plan. As at March 31, 2008, the Company had 2,380,697 (December 31, 2007 – 2,380,697) common shares remaining for the grant of options under the Plan. The Board of Directors of the Company may amend or modify the Plan at any time, subject to any required stockholder approval. The Plan will terminate on the earliest of: (i) 10 years after the Plan Effective Date, being December 2008;

(ii) the date on which all shares available for issuance under the 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.

b) Stock-based compensation

The Company adopted FAS 123(R), using the modified-prospective-transition method on January 1, 2006. Under this method, the Company is required to recognize compensation cost for stock-based compensation arrangements with employees and 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 tranche.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
(Unaudited)
March 31, 2008

7. Stock Options (continued)

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

	Three months ended Mar 31, 2008	Three months ended Mar 31, 2007 Restated note 7c	Period from Inception Aug 21, 2002 to Mar 31, 2008
Stock-based compensation			
Consolidated Statements of Operations			
General and administrative	181,104	268,666	2,159,405
Consulting fees	(8,611)	(6,183)	3,298,733
	172,493	262,483	5,458,138
Consolidated Balance Sheets			
Oil and gas interests	170,079	147,204	4,187,368
	342,572	409,687	9,645,506

c) Restatement

The periods ended March 31, 2007 and the period from inception August 21, 2002 to March 31, 2007 have been restated due to an error in the classification and calculation for stock-based compensation for non-employee consultants.

The following is a summary of the effects of this restatement on the Consolidated Statements of Operations for the period ended March 31, 2007 and for the period from inception of August 21, 2002 to March 31, 2007.

	As Reported		Adjustment		As Restated	
	3 months ended Mar 31, 2007	Period of Inception, Aug 21, 2002 to Mar 31, 2007	3 months ended Mar 31, 2007	Period of Inception, Aug 21, 2002 to Mar 31, 2007	3 months ended Mar 31, 2007	Period of Inception, Aug 21, 2002 to Mar 31, 2007
Statements of Operations						
General & administrative	387,000	2,897,716	85,576	570,502	472,576	3,468,218
Consulting fees	266,540	2,130,791	(175,339)	2,764,212	91,201	4,895,003
Net loss and comprehensive loss						