

GEOGLOBAL RESOURCES INC
Form 10QSB
August 16, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2004;

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: 0-25136

GEOGLOBAL RESOURCES INC.

(Exact name of small business issuer as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation of organization)

33-0464753

(I.R.S. employer identification no.)

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SUITE 200, 630 4 AVENUE SW, CALGARY, ALBERTA, CANADA T2P 0J9

(Address of principal executive offices, zip code)

403 777-9250

(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (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 issuer 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES

NO

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

Class	Outstanding at August 13, 2004
COMMON STOCK, PAR VALUE	55,113,355
\$.001 PER SHARE	

YES []

NO [X]

=====

GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

QUARTERLY REPORT ON FORM 10-QSB

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ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30-2004	December 31-2003
	US \$	US \$
Assets		
Current		
Cash and cash equivalents	5,211,769	7,029,907
Accounts receivable	186,513	81,487
	5,398,282	7,111,394
Property and equipment (note 3)	603,971	295,543
	6,002,253	7,406,937

Liabilities

Current

Accounts payable and accruals	183,631	200,471
Due to related companies (notes 7(b) and 7(c))	69,375	39,475
Note payable (note 7(d))	--	1,000,000
	253,006	1,239,946

Stockholders' Equity

Capital stock (note 4)

Authorized

100,000,000 common shares with a par value of US\$0.001 each

1,000,000 preferred shares with a par value of US\$0.01 each

Issued

55,113,355 common shares (2003 55,053,355)	40,551	40,461
Additional paid-in capital (note 4)	6,707,948	6,618,038
Deficit accumulated during the development stage	(999,252)	(491,508)
	5,749,247	6,166,991
	6,002,253	7,406,937

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

GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Three months ended June 30-2004	Three months ended June 30-2003	Six months ended June 30-2004	Six months ended June 30-2003	Period from Inception, August 21-2002
	US \$			

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	US \$		US \$	US \$	to June 30-2004
		(note 10(a))		(note 10(a))	US \$ (note 10(b))
Expenses (note 7)					
General and administrative	179,490	14,024	273,925	36,460	431,527
Consulting fees	53,319	11,512	126,484	23,840	296,755
Professional fees	54,013	11,313	105,586	19,758	244,322
Depreciation and depletion	15,050	11,272	27,394	15,378	78,542
	301,872	48,121	533,389	95,436	1,051,146
Other expenses (income)					
Consulting fees recovered	--	--	(14,300)	--	(53,075)
Equipment costs recovered	--	--	(2,200)	--	(6,445)
Foreign exchange loss	11,425	16,011	3,830	23,074	22,464
Interest income	(7,092)	--	(12,975)	--	(14,838)
	4,333	16,011	(25,645)	23,074	(51,894)
Net loss and comprehensive loss for the period (note 9)	306,205	64,132	507,744	118,510	999,252
Net loss per share basic and diluted					
(note 4(d))	0.01	0.00	0.01	0.01	

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

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GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended	Three months ended June 30-2003	Six months ended	Six months ended	Period from Inception,
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	June 30-2004	US \$	June 30-2004	June 30-2003	August 21-2002
	US \$		US \$	US \$	to June 30-2004
		(note 10(a))		(note 10(a))	(note 10(b))
					US \$
Cash flows provided by (used in)					
operating activities					
Net loss	(306,205)	(64,132)	(507,744)	(118,510)	(999,252)
Adjustment to reconcile net loss to					
net cash used in operating activities:					
Depreciation and depletion	15,050	11,272	27,394	15,378	78,542
	(291,155)	(52,860)	(480,350)	(103,132)	(920,710)
Changes in operating assets and liabilities:					
Accounts receivable	(57,506)	--	(105,026)	--	(111,513)
Accounts payable and accruals	110,284	84,765	(16,840)	84,765	119,846
Due to shareholder	--	19,706	--	19,706	--
Due to related companies	23,124	--	29,900	--	42,395
	(215,253)	51,611	(572,316)	1,339	(869,982)
Cash flows provided by (used in)					
investing activities					
Property and equipment	(200,452)	(76,073)	(335,822)	(117,684)	(682,513)
Cash acquired on acquisition (note 6)	--	--	--	--	3,034,666
	(200,452)	(76,073)	(335,822)	(117,684)	2,352,153
Cash flows provided by (used in)					
financing activities					
Proceeds from issuance of common					
shares	75,000	--	90,000	--	6,191,714
Share issuance costs	--	--	--	--	(550,174)
Changes in financing liabilities:					
Note payable (note 7(d))	(500,000)	75,000	(1,000,000)	75,000	(2,000,000)
Accounts payable and accruals	--	(38,937)	--	--	61,078
Due to shareholder	--	(3,405)	--	28,714	--
Due to related companies	--	(6,660)	--	13,970	26,980
	(425,000)	25,998	(910,000)	117,684	3,729,598
Net increase (decrease) in cash and					
cash equivalents	(840,705)	1,536	(1,818,138)	1,339	5,211,769
Cash and cash equivalents, beginning of					
	6,052,474	75	7,029,907	272	--

period

Cash and cash equivalents, end of

period	5,211,769	1,611	5,211,769	1,611	5,211,769
Cash and cash equivalents					
Current bank accounts	118,936	1,611	118,936	1,611	118,936
Term deposits	5,092,833	--	5,092,833	--	5,092,833
	5,211,769	1,611	5,211,769	1,611	5,211,769

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

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GeoGlobal Resources Inc.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

(Unaudited)

June 30, 2004

1.

Nature of operations

On August 29, 2003, all of the issued and outstanding shares of GeoGlobal Resources (India) Inc. ("GGRI") were acquired by GeoGlobal Resources Inc., formerly Suite101.com, Inc. ("GeoGlobal"). As a result of the transaction, the former shareholder of GGRI held approximately 69.3% of the issued and outstanding shares of GeoGlobal. This transaction is considered an acquisition of GeoGlobal (the accounting subsidiary and legal parent) by GGRI (the accounting parent and legal subsidiary) and has been accounted for as a purchase of the net assets of GeoGlobal by GGRI. Accordingly, this transaction represents a recapitalization of GGRI, the legal subsidiary, effective August 29, 2003. These consolidated financial statements are issued under the name of GeoGlobal but are a continuation of the financial statements of the accounting acquirer, GGRI. The assets and liabilities of GGRI are included in the consolidated financial statements at their historical carrying amounts. As a result, the stockholders' equity of GeoGlobal is eliminated and these consolidated financial statements reflect the results of operations of GeoGlobal only from the date of the acquisition (refer to acquisition note 6). Collectively, GeoGlobal and GGRI are referred to as the "Company".

GeoGlobal changed its name from Suite101.com, Inc. on January 8, 2004 after receiving shareholder approval at the Annual Shareholders Meeting held on January 8, 2004.

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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 ("GSPC") and the Government of India and the development thereof. To date, the Company has not earned revenue from these operations and is considered to be in the development stage. 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 complete its obligations in India and upon future profitable operations.

2.

Basis of presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

The consolidated balance sheet at December 31, 2003 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-KSB for the year ended December 31, 2003.

These consolidated financial statements include the accounts of GeoGlobal Resources Inc., from the date of acquisition, being August 29, 2003 as well as the accounts of GeoGlobal's wholly-owned legal subsidiaries: (i) GeoGlobal Resources (India) Inc., incorporated under the *Business Corporations Act* (Alberta), Canada on August 21, 2002 and continued under the *Companies Act of Barbados*, West Indies on June 27, 2003 and (ii) GeoGlobal Resources (Canada) Inc., incorporated under the *Business Corporations Act* (Alberta), Canada on September 4, 2003 and its wholly-owned subsidiary GeoGlobal Resources (Barbados) Inc. incorporated under the *Companies Act of Barbados*, West Indies on September 24, 2003.

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GeoGlobal Resources Inc.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

(Unaudited)

June 30, 2004

3.

Property and equipment

	June 30-2004	December 31-2003
	US \$	US \$
Exploration costs India	448,741	178,523
Accumulated depletion	--	--
	448,741	178,523
Computer equipment	233,772	168,168
Accumulated depreciation	(78,542)	(51,148)
	155,230	117,020
	603,971	295,543

a)

Capitalized overhead costs

Included in the US\$270,218 of exploration costs additions during the six months ended June 30, 2004 (year ended December 31, 2003 US\$156,598) are certain overhead costs capitalized by the Company in the amount of US\$167,267 (year ended December 31, 2003 US\$128,078) directly related to the exploration activities in India. Of the capitalized overhead amount, US\$19,454 (year ended December 31, 2003 US\$ nil) was paid to third parties, and US\$147,813 was paid to a related party which is made up of consulting fees of US\$100,000 (year ended December 31, 2003 US\$66,666), and travel, hotel, meals and entertainment costs of US\$47,813 (year ended December 31, 2003 US\$61,412). These costs are not reimbursable under the Carried Interest Agreement.

b)

Carried Interest Agreement

On August 27, 2002, GeoGlobal entered into a Carried Interest Agreement ("CIA") with GSPC, which grants the Company a 10% carried interest (net 5%) in the Exploration Block KG-OSN-2001/3. 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.

As at June 30, 2004, GSPC has incurred costs of approximately Rs 9,05,80,000 (approximately US\$1,970,000) (December 31, 2003 Rs 4,55,61,213 (approximately US\$1,001,191)) attributable to GeoGlobal under the CIA of which 50% is for the account of Roy Group (Mauritius) Inc. ("RGM"), a related party (note 7(a)) under the terms of the Participating Interest Agreement.

GeoGlobal Resources Inc.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

(Unaudited)

June 30, 2004

4.

Capital Stock

a)

Common shares

	Number of shares	Capital stock US \$	Additional paid-in capital US \$
Balance at December 31, 2002	1,000	64	--
2003 Transactions			
Capital stock of GeoGlobal at August 29, 2003	14,656,687	14,657	10,914,545
Common shares issued by GeoGlobal to acquire			
GGRI (note 6)	34,000,000	34,000	1,072,960
Share issuance costs on acquisition	--	--	(66,850)
Elimination of GeoGlobal capital stock in recognition of			
reverse takeover (note 1)	(1,000)	(14,657)	(10,914,545)
Options exercised for cash	396,668	397	101,253
Private placement financing	6,000,000	6,000	5,994,000
Share issuance costs on private placement	--	--	(483,325)

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	55,052,355	40,397	6,618,038
Balance as at December 31, 2003	55,053,355	40,461	6,618,038
2004 Transactions			
Options exercised for cash	10,000	15	14,985
Balance as at March 31, 2004	55,063,355	40,476	6,633,023
Options exercised for cash	50,000	75	74,925
Balance as at June 30, 2004 (unaudited)	55,113,355	40,551	6,707,948

b)

Warrants

i)

Private Placement Financing

On December 23, 2003, GeoGlobal completed a brokered private placement of 5,800,000 units at US\$1.00 each, together with a concurrent private placement of an additional 200,000 units on the same terms, for aggregate gross cash total proceeds of \$6,000,000. Each unit was comprised of one common share and one half of one warrant ("Private Placement Warrant"), where one full Private Placement Warrant entitles the holder to purchase one additional common share for US\$2.50, for a term of two years from date of closing.

Costs of US\$483,325 were incurred in issuing shares under this Private Placement Financing which included a fee equal to 6% of the gross proceeds raised in the brokered offering. Also issued as additional consideration for this transaction were 580,000 Broker Warrants.

ii)

Broker Warrants

The 580,000 Broker Warrants described above entitle the holder to purchase 580,000 common shares at an exercise price of US\$1.50 per share, expiring on December 23, 2005. The Broker Warrants are also subject to accelerated expiration 30 days after issuance of a news release to that effect in the event that the common shares trade at US\$3.00 or more for 20 consecutive trading days and if the resale of the shares has been registered under the 1933 Act and the hold period for Canadian subscribers has expired.

None of the above Private Placement Warrants or Broker Warrants were exercised as at June 30, 2004.

GeoGlobal Resources Inc.

(a development stage enterprise)

Notes to the Consolidated Financial Statements

(Unaudited)

June 30, 2004

4.

Capital Stock (continued)

c)

Options

During the three months and six months ended June 30, 2004, 50,000 and 60,000 options respectively were exercised at US\$1.50 for gross proceeds of US\$75,000 and US\$90,000, respectively.

d)

Weighted average number of shares

The basic and diluted weighted average number of shares outstanding for the three months and six months ended June 30, 2004 was 35,593,244 and 35,574,454 respectively (three months and six months ended June 30, 2003 was 14,500,000). The amount for the three months and six months ended June 30, 2003 is deemed to be the number of shares issued to the legal subsidiary pursuant to the reverse takeover transaction described in note 6 reduced by the 19,500,000 shares currently held in escrow. The basic and diluted weighted average number of shares outstanding for the three months and six months ended June 30, 2004 excludes the 19,500,000 shares currently held in escrow.

5.

Stock Options

a)

The Company's 1998 Stock Incentive Plan

Under the terms of the 1998 Stock Incentive Plan (the "Plan"), 3,900,000 common shares have been reserved for issuance on exercise of options granted 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

Under the Statement of Financial Accounting Standards 123, the Company is required to measure and disclose on a pro-forma basis the impact on net loss and net loss per share of applying the fair value based method to stock-based compensation arrangements with employees and directors.

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Under this method compensation cost is measured at fair value at grant date and recognized over the vesting period. If the fair value based method had been used, the stock based compensation costs, pro-forma net loss and pro-forma net loss per share would be as follows:

	Three months ended June 30-2004	Three months ended June 30-2003	Six months ended June 30-2004	Six months ended June 30-2003
	US\$	US\$	US\$	US\$
Stock based compensation	103,326	--	206,653	--
Net loss				
As reported	(306,205)	(64,132)	(507,744)	(118,510)
Pro-forma	(409,531)	(64,132)	(714,397)	(118,510)
Net loss per share				
basic and diluted				