

FORMFACTOR INC
Form 4
August 28, 2007

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KHANDROS IGOR Y

(Last) (First) (Middle)

7005 SOUTHFRONT ROAD

(Street)

LIVERMORE, CA 94551

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
FORMFACTOR INC [FORM]

3. Date of Earliest Transaction (Month/Day/Year)
08/25/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| Common Stock | 08/25/2007 | | G | V 94,492 D | \$ 0 0 ⁽¹⁾ | I | By Bloch GRAT |
| Common Stock ⁽²⁾ | | | | | 2,380,999 | I | By revocable trust |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Following Transaction (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| KHANDROS IGOR Y 7005 SOUTHFRONT ROAD LIVERMORE, CA 94551 | X | | CEO | |

Signatures

By: /s/ Stuart L Merkadeau, Attorney-in-Fact For: Igor Y. Khandros 08/28/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On August 25, 2007, the Susan Bloch 2005 Grantor Retained Annuity Trust U/A 8/16/05 ("GRAT") gifted a total of 94,492 shares to three separate trusts for the benefit of the reporting person's parents, sister and brother, respectively, and transferred 85,587 shares to The Khandros - Bloch Revocable Trust U/A/D 1/24/97 as Amended 8/18/06 ("Revocable Trust") pursuant to the GRAT agreement. Following these transactions, the GRAT terminated.
- (2) Amount of shares beneficially owned in Column 5 reflects the transfer of 85,587 shares by the GRAT to the Revocable Trust on August 25, 2007 pursuant to the GRAT agreement.

Remarks:

THE CONFIRMING STATEMENT GRANTING THE ATTORNEY-IN-FACT THE AUTHORITY TO EXECUTE AND F

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. MARGIN-LEFT: 0pt; TEXT-INDENT: 0pt; MARGIN-RIGHT: 0pt" align="justify">This Form 10-KSB/A Amendment No. 2 is being filed to amend the GeoGlobal Resources Inc. (the "Company") Annual Report on Form 10-KSB for the year ended December 31, 2006. The amendment arose out of a need to restate certain financial statements previously filed with the Securities and Exchange Commission in order to correct certain errors

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relating to the Company's reporting of stock based compensation in compliance with FAS 123R.

This Form 10-KSB/A does not reflect events occurring after the filing of the original Form 10-KSB or the 10-KSB/A Amendment No. 1 or modify or update those disclosures. Information not affected by the amendment is unchanged and reflects the disclosure made at the time of the original filing of the Form 10-KSB with the Securities and Exchange Commission on April 14, 2007 and the subsequent filing of the Form 10-KSB/A Amendment No. 1 on May 11, 2007. The following items have been amended as a result of the restatement:

Annual Report on Form 10-KSB/A
December 31, 2006

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Item 6. Management's Discussion and Analysis or Plan of Operation

General

The following discussion and analysis of our financial condition or plan of operation should be read in conjunction with, and is qualified in its entirety by, the more detailed information including our Financial Statements and the related Notes appearing elsewhere in this Annual Report. This Annual 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 below in "Risk Factors," as well as those discussed elsewhere in this Annual Report.

Our Business Activities

We are engaged, through subsidiaries and joint ventures in which we are a participant, in the exploration for and development of oil and gas reserves. We initiated these activities in 2003. Through December 31, 2006, our activities have been undertaken in locations where we and our joint venture participants have been granted exploration rights pursuant to Production Sharing Contract's ("PSCs") entered into with the Government of India ("GOI").

At April 13, 2007, we have not reported any proved reserves of oil or natural gas. We have entered into ten PSCs. Each PSC relates to a separate drilling block onshore or offshore India and each provides for multi-year and multi-phase exploration and drilling activities. Exploration and development activities pursuant to the terms of these agreements are expected to continue throughout 2007.

Statements of Operations

Oil and Gas Operations

Our oil and gas exploration activities commenced at our inception on August 21, 2002. We have not since our inception earned any revenues from these operations.

Years ended December 31, 2006 and 2005

During the year ended December 31, 2006, we had expenses of \$3,295,616 compared with expenses of \$3,693,281 during the year ended December 31, 2005. This decrease is primarily the result of the increased scale of our participation in oil and gas exploration activities, with commensurate additions to the office infrastructure and the initial year of accounting for stock-based compensation expense offset by a substantial decrease in consulting fees due to a decrease in our stock-based compensation for non-employee consultants.

Our general and administrative expenses increased to \$1,890,926 from \$495,326. Of this increase, \$1,048,477 reflects the adoption of FAS 123(R) pursuant to which we are required to recognize compensation costs for stock-based arrangements with employees and consultants effective January 1, 2006. These general and administrative expenses include costs related to the corporate head office including administrative salaries and services, rent and office costs, insurance, American Stock Exchange listing and filing fees and transfer agent fees and services. Our consulting fees decreased to \$1,104,106 during the year ended December 31, 2006 from \$2,947,126 in the prior year. This decrease is mostly comprised of a decrease from \$2,681,680 for the year ended December 31, 2005 to \$539,812 for the year ended December 31, 2006 for stock-based compensation costs recognized for non-employee consultants. Further, these consulting fees include \$70,000 (2005 - \$62,000) paid under our Technical Services Agreement with a corporation wholly owned by Mr. Roy and other fees and expenses we incurred in employing various technical and corporate consultants who advised us on a variety of matters. Professional fees increased to \$251,261 during the year ended December 31, 2006 from \$201,298 during the year ended December 31, 2005. Professional fees include those paid to our auditors for pre-approved audit, accounting and tax services and fees paid to our legal advisors primarily for services provided with regard to filing various periodic reports and other documents and reviewing our various oil and gas and other agreements. In addition, costs associated with initiating the modeling, testing and documenting internal controls as required by Section 404 of the Sarbanes Oxley Act were incurred during the latter part of the

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year. This resulted in an increase of \$49,963 in the fees paid to our auditors, accountants and legal counsel for additional work incurred during the year ending December 2006 as compared to 2005.

During the year ended December 31, 2006, depreciation decreased slightly to \$49,323 from \$49,531 during the year ended December 31, 2005.

Our other expenses and income during the year ended December 31, 2006 resulted in income of \$1,746,813 versus \$530,621 for the same period in 2005. Included in other expenses and income is a foreign exchange loss of \$4,737 compared to a gain in 2005 of \$319. During the previous year ended December 31, 2005, we recovered fees and costs of \$25,900 resulting from services provided and billed out to the GSPC and a gain on the sale of computer equipment of \$42,228. No such expense recoveries or asset dispositions occurred during the year ended December 31, 2006. Our increase in interest income to \$1,751,550 from \$462,174 for the year ended December 31, 2005 is a result of the significant increase in the size of our cash balances we held during a full year in 2006 as compared to a partial year in 2005 as well as an increase in the US prime rate.

Net loss for the year ended December 31, 2006 was \$1,548,803 versus a net loss of \$3,162,660 in 2005. This result was mainly attributable to a reduction in our consulting fees as a result of a reduction in our compensation costs for the stock-based compensation arrangements with non-employee consultants, coupled with an increase in interest earned during the most recent year, net of our increased costs as a result of our increased scale of participation in oil and gas exploration activities.

We capitalized overhead costs directly related to our exploration activities in India. During the year ended December 31, 2006, these capitalized overhead costs were \$2,791,520 as compared to \$2,141,844 during the year ended December 31, 2005. This increase is mostly attributable to the capitalized stock-based compensation for employees of \$658,404 recognized for the first time in 2006, as a consequence of our adoption of FAS 123(R) effective January 1, 2006, with the remaining increase being consistent with the increased scale of our participation in oil and gas exploration activities.

Years ended December 31, 2005 and 2004

During the year ended December 31, 2005, we had expenses of \$3,693,281 compared with expenses of \$1,216,094 during the year ended December 31, 2004. This increase is primarily the result of the increased scale of our participation in oil and gas exploration activities.

Our general and administrative expenses increased to \$495,326 from \$451,788. These general and administrative expenses include costs related to the corporate head office including administrative salaries and services, rent and office costs, insurance, American Stock Exchange listing and filing fees and transfer agent fees and services. Our consulting fees increased to \$2,947,126 during the year ended December 31, 2005 from \$541,617 in the prior year. . The majority of this increase can be attributed to an increase in the compensation costs recognized during the year of \$2,681,680 for stock arrangements with non-employee consultants of the Company as compared to \$304,002 for the year ending December 31, 2004. Further, these consulting fees reflect \$62,000 (2004 - \$50,000) paid under our Technical Services Agreement ("TSA") with Roy Group (Barbados) Inc. ("RGB"), a corporation wholly owned by Mr. Roy and other fees and expenses we incurred in employing various technical and corporate consultants who advised us on a variety of matters. Professional fees increased to \$201,298 during the year ended December 31, 2005 from \$161,381 during the year ended December 31, 2004. Professional fees include those paid to our auditors for pre-approved audit, accounting and tax services and fees paid to our legal advisors primarily for services provided with regard to filing various periodic reports and other documents and reviewing our various oil and gas and other agreements. The increase is attributable to an approximately \$40,000 increase in our fees paid to our auditors for additional work incurred during the year ending December 2005 as compared to 2004.

During the year ended December 31, 2005, depreciation decreased to \$49,531 from \$61,308 during the year ended December 31, 2004.

Our other expenses and income during the year ended December 31, 2005 resulted in income of \$530,621 versus \$44,596 for the same period in 2004. Included in other expenses and income is a foreign exchange gain of \$319 compared to a loss in 2004 of \$3,495. During the year ended December 31, 2005, we recovered fees and costs of

\$25,900 (2004 - \$16,500) resulting from services provided and billed out to the GSPC. Other expenses and income include a gain on the sale of computer equipment of \$42,228 during the year ended December 31, 2005. Our increase in interest income to \$462,174 from \$31,591 for the year ended December 31, 2004 is a result of the significant increase in the size of our cash balances we held during the year as compared to 2004 as well as an increase in the US prime rate.

Reflecting the increase in our consulting fees offset by the increase in our interest income during the year ended December 31, 2005 as compared to the year ended December 31, 2004, our net loss increased to \$3,162,660 compared to a net loss of \$1,171,498 in 2004.

We capitalized overhead costs directly related to our exploration activities in India. During the year ended December 31, 2005, these capitalized overhead costs were \$2,141,844 as compared to \$382,788 during the year ended December 31, 2004. This increase is mostly attributed to an increase in the capitalized compensation costs recognized during the year of \$1,672,576 for stock-based compensation with non-employee consultants of the Company as compared to \$46,253 in the year ending December 31, 2004. The remaining increase is consistent with the increased scale of our participation in oil and gas exploration activities.

Liquidity and Capital Resources

Years ended December 31, 2006 and 2005

Our net cash used in operating activities during the year ended December 31, 2006 was \$245,071 as compared to \$165,558 for the year ended December 31, 2005. This increase is mostly the result of an increase in our exploration activities net of our interest earned on our cash balances for the year ended December 31, 2006 as compared to 2005.

Cash used by investing activities during the year ended December 31, 2006 was \$8,267,169 as compared to \$1,679,352 during the year ended December 31, 2005. This increase is a result of the increased scale of our participation in oil and gas exploration activities. Funds of \$6,739,386 were used for exploration activities and \$142,924 for the acquisition of property and equipment in 2006 as compared to \$1,578,124 and \$36,826 in 2005. These acquisitions included computer and office equipment totaling \$114,835 plus a deposit on our office condominium in India of \$28,090. As well we incurred \$6,739,386 as our share of exploration costs related to our PSCs for our oil and gas interests in India. The increase in restricted cash of \$3,198,284 represents additional term deposits we made in 2006 as compared to \$185,689 in 2005 which are used as collateral for letters of credit given to the GOI as minimum work commitment guarantees on a total of six exploration blocks at December 31, 2006.

Cash provided by financing activities for the year ended December 31, 2006 was \$4,837,830 as compared to cash provided in financing activities of \$33,462,700 during the year ended December 31, 2005. This consisted of \$4,922,640 from the issuance of 3,254,000 shares of common stock on the exercise of options and purchase warrants issued from our 2003 financing less share issuance costs of \$74,010.

At December 31, 2006, our cash and cash equivalents were \$32,362,978 (December 31, 2005 - \$36,037,388). The majority of these funds are currently held as US funds in our bank accounts and in term deposits earning interest based on the US prime rate.

Years ended December 31, 2005 and 2004

Our net cash used in operating activities during the year ended December 31, 2005 was \$165,558 as compared to \$1,075,637 for the year ended December 31, 2004. This decrease is mostly as a result of our reduced net loss for the year ended December 31, 2005 as compared to 2004.

Cash used by investing activities during the year ended December 31, 2005 was \$1,679,352 as compared to \$748,222 during the year ended December 31, 2004. This increase is a result of the increased scale of our participation in oil and gas exploration activities. Funds of \$1,615,000 were used for exploration activities and the acquisition of property and equipment as compared to \$547,357 in 2004. The property and equipment acquired included computer and office equipment totaling \$36,876 with the balance of \$1,578,124 incurred as exploration costs for our oil and gas interests in India. The restricted cash of \$185,689 represents additional term deposits we made in 2005 which are used as collateral for two letters of credit given to the GOI as a minimum work commitment guarantee on the Cambay Blocks.

Cash provided by financing activities for the year ended December 31, 2005 was \$33,462,700 as compared to cash used in financing activities of \$786,450 during the year ended December 31, 2004. As further described below, during the year ended December 31, 2005, we completed the sale of 3,252,400 Units of our securities at \$6.50 per

Unit, together with a concurrent sale of an additional 1,000,000 Units on the same terms, for aggregate cash gross proceeds of \$27,640,600. This amount combined with cash of \$7,352,985 which was provided from the issuance of 3,494,400 shares of common stock on the exercise of options, purchase warrants and broker warrants issued in our 2003 financing, less financing costs of \$1,541,685 incurred in connection with the 2005 financing accounts for the increase in our cash and cash equivalents. Cash provided by financing activities for the year ended December 31, 2005 in the amount of \$786,450 included the full repayment of \$1,000,000 of the note payable, net of \$213,550 realized from the issuance of 154,100 shares of common stock on the exercise of options and broker warrants.

The sale of the 3,252,400 Units of securities was completed in September 2005. The securities were sold at \$6.50 per Unit, together with a concurrent sale of an additional 1,000,000 Units on the same terms, for aggregate gross cash total proceeds of \$27,640,600.

Each Unit is comprised of one common share and one half of one warrant. One full warrant ("2005 Purchase Warrant") entitles the holder to purchase one additional common share for \$9.00, for a term of two years expiring September 2007. The 2005 Purchase Warrants 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 issuable on exercise of the 2005 Purchase Warrants has 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 warrant term will be reduced to 30 days from the date of issuance of a news release announcing such accelerated expiration of the warrant term.

Costs of \$1,541,685 were incurred in issuing shares in these transactions which included a fee of \$1,268,436 paid to Jones Gable & Company Limited with respect to the sale of the 3,252,400 Units, and, in addition, Compensation Options were issued to Jones Gable & Company Limited entitling it to purchase an additional 195,144 Units at an exercise price of \$6.50 per Unit through their expiration in September 2007. Compensation Options are also subject to accelerated expiration on the same terms and conditions as the warrants issued in the transaction.

At December 31, 2005, our cash and cash equivalents were \$36,037,388 (December 31, 2004 - \$4,419,598). The majority of these funds are currently held as US funds in our bank accounts and in term deposits earning interest based on the US prime rate.

The KG Offshore Block and Our Carried Interest Agreement

At December 31, 2006, GSPC, the Operator of the KG Offshore Block, has expended on exploration activities approximately \$26.1 million attributable to us under the CIA as compared to \$14.1 million at December 31, 2005. Of this amount, 50% is for the account of RGM. Under the terms of the CIA, GeoGlobal and RGM are carried by GSPC for 100% of all our share of any costs during the exploration phase on the KG Offshore Block prior to the start date of initial commercial production.

Under the terms of the PSC, GSPC is committed to expend further funds for the exploration of and drilling on the KG Offshore Block. Preliminary estimates were that these expenditures attributable to us will total approximately \$22.0 million over the 6.5 year term of the PSC. Additional drilling costs incurred in drilling to depths in excess of 5,000 meters versus shallower depths as originally anticipated, as well as the testing and completion costs of these wells, has resulted in our actual costs significantly exceeding our original budgeted expenditures. The estimated annual budget for costs to be incurred by GSPC for the twelve month period April 1, 2007 to March 31, 2008 attributable to us under the CIA is approximately \$50.4 million. Of this amount, 50% is for the account of RGM. We are unable to estimate the amount of additional expenditures GSPC will make attributable to us prior to the start date of initial commercial production under the CIA or when, if ever, any commercial production will commence. As provided in the CIA, we will be required to bear the expenditures attributable to us after the start date of initial commercial production on the KG Offshore Block.

We will not realize cash flow from the KG Offshore Block until such time as the expenditures attributed to us, including those expenditures made for the account of RGM under the CIA have been recovered by GSPC from future production revenue. Under the terms of the CIA, all of our proportionate share of capital costs for exploration and development activities must be repaid to GSPC without interest over the projected production life or ten years, whichever is less.

KG Onshore Block Agreement

Under the PSC for the KG Onshore Block, the Phase I work commitment consists of reprocessing 564 LKM of 2-D seismic, conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 548 sq km of 3-D seismic. This Phase I commitment further consists of the drilling of 12 exploration wells to various depths between 2,000 and 5,000 meters. The Company will be required to fund its 10% proportionate share of the costs incurred in these activities estimated to be approximately US\$8.5 million over the four years of the first phase of the work commitment with respect to a 10% participating interest in the block and approximately US\$21.3 million with respect to a 25% participating interest in the block.

Cambay Block Agreements

We originally committed to expend a minimum aggregate of approximately \$2.5 million for exploration activities under the terms of the PSCs on the Mehsana and Sanand/Miroli Cambay Blocks over a period of 6 years. At December 31, 2006, we have incurred costs of approximately \$1.0 million with respect to the Mehsana Block and approximately \$1.1 million with respect to the Sanand/Miroli Block. We estimate that our expenditures for exploration activities during the 2007 fiscal year will be approximately \$2.3 million on the Mehsana Block and approximately \$2.6 million on the Sanand/Miroli Block based upon our 10% PI in these PSCs.

At December 31, 2006, we have provided to the GOI three irrevocable letters of credit totaling \$2,216,445 (Mehsana US\$711,445, Sanand/Miroli US\$905,000 and Ankleshwar US\$600,000) (December 31, 2005 – \$392,485) secured by our term deposits in the same amount. These letters of credit serve as guarantees for the performance of the minimum work commitments for the budget period April 1, 2006 to March 31, 2007 of Phase I of these Cambay Blocks.

As the holder of a participating interest in the Tarapur Block, we are required to fund a 20% share of all exploration and development costs incurred on the exploration block. To December 31, 2006, we have incurred costs of approximately \$4.0 million under the terms of our agreement with GSPC. We originally committed to expend an aggregate of approximately \$1.2 million for exploration activities under the terms of the agreement entered into covering the Tarapur block over the period ending November 22, 2007. It is expected however, that with the increase in GSPC's current drilling activities, we have increased our estimated expenditures to \$2.7 million over the period April 1 to November 22, 2007.

At December 31, 2006, we provided to the GOI an irrevocable letter of credit in the amount of US\$1,200,000 for the Tarapur Block secured by a term deposit of the Company in the same amount. This letter of credit serves as a guarantee for the performance of the exploration work commitment for the Tarapur Block for the budget period also ending March 31, 2007. Under the terms of the agreement, the Company will be required to keep in force a Financial and Performance Guarantee in an amount sufficient to secure its performance under the Tarapur PSC.

Under the terms of our PSC for the Ankleshwar Block, we have committed to expend approximately \$1.7 million for exploration activities over a period of seven years. As at December 31, 2006, we have incurred costs of approximately \$400,000 on the Ankleshwar Block. We estimate our expenditures for exploration activities during the period April 1, 2007 to March 31, 2008 will be approximately \$2.7 million on Ankleshwar Block.

The Deccan Syncline Block Agreements

Under the terms of the PSC for the DS 03 Block, we have committed to expend approximately \$9.6 million for exploration activities over a period of seven years. As at December 31, 2006, we have incurred costs of approximately \$50,000 on this block. We estimate our expenditures for exploration activities during the period April 1, 2007 to March 31, 2008 will be approximately \$400,000 based upon our PI in this PSC.

Under the PSC for the DS 04 Block, the Phase I work commitment consists of conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 325 LKM of 2-D seismic. We further

committed to drill 10 core holes to a depth of approximately 500 meters. We will be required to fund our 100% proportionate share of the costs incurred in these activities estimated to be approximately US\$1.2 million over the four years of the first phase of the work commitment.

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Rajasthan Block Agreements

The combined Phase I work commitments under the PSCs for RJ Block 20 and RJ Block 21 consist of reprocessing of a total 926 LKM of 2-D seismic, conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 560 LKM of 2-D seismic and 1,311 sq km of 3-D seismic. The combined Phase I commitments further consist of drilling a total of 20 exploration wells over both blocks to various depths between 2,000 and 2,500 meters. We will be required to fund our 25% proportionate share of the costs incurred in these activities estimated to be approximately US\$18.3 million over the four years of the first phase of the work commitments.

Plan of Operations in 2007

We expect our exploration and development activities pursuant to the PSCs we are parties to will continue throughout 2007 in accordance with the terms of those agreements. 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 GOI in the future. As of April 13, 2007, we have no specific plans to join with others in bidding for any specific PSCs in India. We expect that our interest in any such ventures would involve a minority PI in the venture. In addition, as opportunities arise, we may seek to acquire minority PI's in exploration blocks where PSCs have been heretofore awarded by the GOI. 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.

We may during the year 2007 seek to participate in joint venture bidding for the acquisition of oil and gas interests in other international countries. As of April 13, 2007, we have not been awarded any such interests.

Depending upon the scope of our activities during the year 2007, we may require additional capital for the possible acquisition of further minority PIs 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 such ventures would be a PI. As of April 13, 2007, 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 the holder of a PI in any such possible activities, it can be expected that we will be required to contribute capital to any such ventures in proportion to our percentage interest. 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. As of April 13, 2007, 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.

We believe that our available cash resources will be sufficient to meet all our expenses and cash requirements during the year ended December 31, 2007 for our present level of operations. We do not expect to have any significant change in 2007 in our number of employees.

Critical Accounting Policies and Estimates

The Company's Significant Accounting Policies are outlined in Note 2 to our Consolidated Financial Statements in Item 7 of this Annual Report. In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of our consolidated financial position and the consolidated results of our operations and our cash flows in conformity with U.S. generally accepted accounting principles. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting policies.

Property and equipment

The Company follows the full cost method of accounting for its petroleum and natural gas operations. Upon the commencement of economic production quantities of petroleum and natural gas, depletion of our exploration costs in India included in Property and Equipment, will be provided on a country-by-country basis using the

unit-of-production method based upon estimated proven petroleum and natural gas reserves. The costs of acquiring and evaluating our unproven properties in India will not be depleted until it is determined whether or not proven reserves are attributable to the properties, the major development projects are completed, or impairment occurs. To date we are currently in the development stage and have not yet found any commercial reserves in India. We are continuing with our exploratory drilling programs in India and have no basis for impairment of the costs incurred to date.

Recent Accounting Standards

Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that the Corporation recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of deficit. The Corporation is currently evaluating the impact FIN 48 will have on its consolidated financial statements.

Fair Value Measurements

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" ("FAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 157 will have on its consolidated financial statements.

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115", ("FAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 159 will have on its consolidated financial statements.

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,
- 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 GOI 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 GOI and others,
 - our assumptions, plans and expectations regarding our future capital requirements,
 - our plans and intentions regarding our plans to raise additional capital,

- the costs and expenses to be incurred in conducting exploration, well drilling, development and production 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, under the captions "Management's Discussion and Analysis or Plan of Operations" and "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 GOI 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 GOI as and when required to maintain compliance with our PSCs and that we may not be adversely affected by any delays we may experience in receiving those consents, waivers and extensions.
- 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 a commercially-productive wells or that any further wells drilled will have commercially-successful results.

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 Quarterly Reports on Form 10-QSB and 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.

Risk Factors

An investment in shares of our common stock involves a high degree of risk. You should consider the following factors, in addition to the other information contained in this Annual Report, in evaluating our business and current and proposed activities before you purchase any shares of our common stock. You should also see the "Cautionary Statement for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995" regarding risks and uncertainties relating to us and to forward-looking statements in this Annual Report.

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. The presence of hydrocarbon reserves on contiguous properties is no assurance or necessary indication that hydrocarbons will be found in commercially marketable quantities on the exploration blocks in which we hold an interest.

Risks Relating to Our Oil and Gas Activities

Because We Are In the Early Stage Of Developing Our Activities, There Are Considerable Risks That We Will Be Unsuccessful

We are in the early stage of developing our operations. Our only activities in the oil and natural gas exploration and production industry have primarily involved entering into ten PSCs with the GOI. We have realized no revenues from our oil and natural gas exploration and development activities and do not claim any proved reserves of oil or natural gas. As of April 13, 2007, a venture in which we have a net 5% carried interest has drilled and abandoned two wells, has drilled, tested and cased three wells and is currently drilling two wells. Two ventures that we have a 10% participating interest have drilled and abandoned two wells, are in the testing phase of two wells and have suspended one well. One venture that we have a 20% PI has drilled eight wells of which three have been abandoned and five that are either currently suspended or are being tested.

Our current plans are to conduct the exploration and development activities on the areas offshore and onshore India in accordance with the terms of the PSCs we are a party to. There can be no assurance that the exploratory drilling to be conducted on the exploration blocks in which we hold will result in any discovery 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 and as of April 13, 2007, there are no or limited facilities for the delivery and storage of hydrocarbons on the areas covered by our PSCs. The presence of hydrocarbon reserves on contiguous properties is no assurance or necessary indication that hydrocarbons will be found in commercially marketable quantities on the exploration blocks in which we hold an interest. Our exploration opportunities are highly speculative and should any of these opportunities not result in the discovery of commercial quantities of oil and gas reserves, our investment in the venture could be lost.

Our business plans also include seeking to enter into additional joint ventures or other arrangements to acquire interests in additional government created and granted hydrocarbon exploration opportunities, primarily located onshore or in the offshore waters of India and possibly elsewhere. Opportunities to acquire interests in exploration opportunities will be dependent upon our ability to identify, negotiate and enter into joint venture or other similar arrangements with respect to specific exploration opportunities and upon our ability to raise sufficient capital to fund our participation in those joint ventures or other exploration activities. Our success will be dependent upon the success of the exploration activities of the ventures in which we acquire an interest and our ability to have adequate capital resources available at the times required.

Our Interest In The Production Sharing Contracts Involve Highly Speculative Exploration Opportunities That Involve Material Risks That We Will Be Unsuccessful

Our interests in the exploration blocks should be considered to be highly speculative exploration opportunities that involve material risks. None of the exploration blocks in which we have an interest have any proven reserves and are not producing any quantities of oil or natural gas. Exploratory drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be encountered. There can be no assurance that wells drilled on any of the exploration blocks in which we have an interest or by any venture in which we may acquire an interest in the future will be productive or that we will receive any return or recover all or any portion of our investment. Drilling for oil and gas may involve unsuccessful or unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. The cost of drilling, completing and operating wells is often uncertain. Drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond the operator's control, including economic conditions, mechanical problems, extreme downhole pressures and temperatures, title problems, weather conditions, compliance with governmental requirements and shortages or delays of equipment and services. Drilling activities on the exploration blocks in which we hold an interest may not be successful and, if unsuccessful, such failure may have a material adverse effect on our future results of operations and financial

condition.

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Possible Inability of Contracting Parties to Fulfill Phase One of the Minimum Work Program for Certain of Our PSCs

Our PSC relating to the KG Offshore Block provides that by the end of the first phase of the exploration phase the contracting parties shall have drilled at least fourteen wells. The first phase of the exploration period relating to the PSC for the KG Offshore Block has expired without the required minimum of at least fourteen exploration wells being drilled during the first phase. GSPC, as operator and on behalf of the contracting parties, is engaged in seeking from the GOI its consent to an extension of the expiration date of the first phase of the exploration period and is also seeking to proceed to the second phase of the exploration period without relinquishing any of the contract area at the end of the first phase. In connection with the process of seeking these consents, on February 24, 2006, the management committee for the KG Offshore Block, which includes members representing the GOI, recommended a further extension of the first phase of twelve months to March 11, 2007. On February 9 2007, GSPC proposed to the Directorate General of Hydrocarbons, a body under the Ministry of Petroleum & Natural Gas ("DGH") and to the GOI that the contracting parties proceed to the next exploration phase (Phase II) upon completion of Phase I which was expiring on March 11, 2007. It was also requested, on behalf of the contracting parties, to not relinquish any of the contract area at the end of Phase I. On March 12, 2007 DGH noted the option of GSPC, on behalf of the contracting parties, to enter phase two and advised that entry into phase two, effective March 12, 2007, is subject to the following conditions: (1) Any decision by the GOI on the substitution of the Work Program of Phase I will be binding on the contracting parties; and (2) Any decision by the GOI on relinquishment of the 25% of original contract Area (ie. 462 sq. kms.) under the PSC would be binding on the contracting parties. The extension of the first phase for the 18 months to March 11, 2007 would be deducted from the next succeeding exploration phase. As such the second phase would have a term of one year and expire March 11, 2008. As at April 13, 2007, five exploratory wells have been drilled and one exploratory well, the KG#16 well, is currently being drilled on the exploration block leaving eight exploration wells to be drilled. A seventh well, the KG#28 is also being drilled on the exploration block, but has been classified by the management committee as an appraisal well for the purposes of the PSC and not as an exploration well. Approval of the extension and the entering into the second phase of exploration under the PSC without relinquishment of any portion of the contract area from the GOI is currently outstanding. Unless this approval is granted, the Company may be liable for the consequences of non-fulfillment of the minimum work commitment in a given time frame under the PSC. The PSC has provisions for termination of the PSC on account of various reasons specified therein including material breach of the contract. Termination rights can be exercised after giving ninety days written notice. This failure to timely complete the minimum work commitment, though the Company has been advised by GSPC there is no precedence, may be deemed by the GOI to be a failure to comply with the provisions of the contract in a material particular.

The termination of the PSC by the GOI would result in the loss of the Company's interest in the KG Offshore Block other than areas determined to encompass "commercial discoveries". The PSC sets forth procedures whereby the operator can obtain the review of the management committee under the PSC as to whether a discovery on the exploration block should be declared a commercial discovery under the PSC. Those procedures have not been completed at present with respect to the discovery on the KG Offshore Block and, accordingly, as of April 13, 2007, no areas on the KG Offshore Block have been determined formally to encompass "commercial discoveries" as that term is defined under the PSC.

In the event the PSC is terminated by the Government of India, or in the event the work program is not fulfilled by the end of the relevant exploration phase, the PSC provides that each party to the PSC is to pay to the GOI its participating interest share of an amount which is equal to the amount that would be required to complete the minimum work program for that phase. We are of the view that GSPC, under the terms of our CIA, would be liable for our participating interest share of the amount required to complete the minimum work program for the phase.

The PSC relating to the Mehsana Block expired without the required minimum of seven wells having been drilled. In October, 2006 the management committee under the PSC for the Mehsana Block approved a proposal to seek from the GOI an extension of the first exploration phase for a six month period from November 21, 2006 to May 20, 2007 and

on April 6, 2007 the members of the operating committee under the Mehsana Block operating agreement resolved to submit an application to the GOI for extension for an additional six months to November 20, 2007 to complete the minimum work program under Phase I. In seeking that extension, the joint venture partners agreed to provide a 100% Bank Guarantee and a 10% cash payment to be agreed upon based on pre-estimated liquidated damages for the unfinished minimum work program as reasonably determined by

DGH, which has not yet been determined. As well, the contractor would be required to relinquish 25% of the block pursuant to the provisions of the PSC. The period of extension will be set off against the term of the Second Phase which would reduce Phase II to one year expiring November 20, 2008. Final consent to this extension is awaiting GOI approval.

The PSC relating to the Sanand/Miroli Block expired without the required minimum of twelve wells having been drilled. On January 29, 2007 the management committee under the PSC for the Sanand/Miroli Block approved a proposal to seek from the GOI an extension of the first exploration phase for a six month period from January 28, 2007 to July 28, 2007. Final consent to this extension is awaiting GOI approval.

Because Our Activities Have Only Recently Commenced And We Have No Operating History And Reserves Of Oil And Gas, We Anticipate Future Losses; There Is No Assurance Of Our Profitability

Our oil and natural gas operations have been only recently established and we have very limited operating history, oil and gas reserves or assets upon which an evaluation of our business, our current business plans and our prospects can be based. Our prospects must be considered in light of the risks, expenses and problems frequently encountered by all companies in their early stages of development and, in particular, those engaged in exploratory oil and gas activities. Such risks include, without limitation:

- We will experience failures to discover oil and gas in commercial quantities;
- There are uncertainties as to the costs to be incurred in our exploratory drilling activities, cost overruns are possible and we may encounter mechanical difficulties and failures in completing wells;
- There are uncertain costs inherent in drilling into unknown formations, such as over-pressured zones, high temperatures and tools lost in the hole; and
- We may make changes in our drilling plans and locations as a result of prior exploratory drilling.

During the exploration phase prior to the start date of initial commercial production, we have a carried interest in the exploration activities on the KG Offshore Block. Our interests in our other exploration blocks are participating interests which require us to pay our proportionate share of exploration, drilling and development expenses on these blocks substantially as those expenses are incurred. Unexpected or additional costs can affect the commercial viability of producing oil and gas from a well and will affect the time when and amounts that we can expect to receive from any production from a well. Because our carried costs of exploration and drilling on the KG Offshore Block are to be repaid in full to the operator, GSPC, before we are entitled to any share of production, additional exploration and development expenses will reduce and delay any share of production and revenues we will receive.

There can be no assurance that the ventures in which we are a participant will be successful in addressing these risks, and any failure to do so could have a material adverse effect on our prospects for the future. Our operations were recently established, and as such, we have no substantial operating history to serve as the basis to predict our ability to further the development of our business plan. Likewise, the outcome of our exploratory drilling activities, as well as our quarterly and annual operating results cannot be predicted. Consequently, we believe that period to period comparisons of our exploration, development, drilling and operating results will not necessarily be meaningful and should not be relied upon as an indication of our stage of development or future prospects. Through April 13, 2007, we abandoned two wells drilled on the KG Offshore Block, two wells on the Mehsana Block and three wells on the Tarapur Block and it is likely that in some future quarter our stage of development or operating or drilling results may fall below our expectations or the expectations of securities analysts and investors and that some of our drilling results

will be unsuccessful and the wells abandoned. In such event, the trading price of our common stock may be materially and adversely affected.

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 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 CIA 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 drilling and completion activities. We intend to seek the additional capital to meet our requirements from equity and debt offerings of our securities. 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, 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 December 31, 2006, we had cash and cash equivalents of approximately \$33.4 million. We currently expect that our available cash will be sufficient to fund us through the budget periods ending March 31, 2008 and through the balance of 2007 at our present level of operations on the ten exploration blocks in which we are currently a participant including our newly acquired NELP-VI exploration blocks. 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 six exploration blocks, excluding our newly acquired NELP-VI exploration blocks, totals approximately \$12.7 million during the period April 1, 2007 to March 31, 2008. We anticipate total expenditures on the four newly acquired NELP-VI blocks for the first exploration phase which covers four years to be approximately \$28 million. Any further PSC's 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. There can be no assurance that we will be able to raise the capital.

India's Regulatory Regime May Increase Our Risks And Expenses In Doing Business

All phases of the oil and gas exploration, development and production activities in which we are participating are regulated in varying degrees by the Indian government, either directly or through one or more governmental entities. The areas of government regulation include matters relating to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental protection and rig safety. In addition, the award of a PSC is subject to GOI consent and matters relating to the implementation and conduct of operations under the PSC are subject, under certain circumstances, to GOI consent. As a consequence, all future drilling and production programs and operations we undertake or are undertaken by the ventures in which we participate in India must be approved by the Indian government. Shifts in political conditions in India could adversely affect our business in India and the ability to obtain requisite government approvals in a timely fashion or at all. We, and our joint venture participants, must maintain satisfactory working relationships with the Indian government. This regulatory

environment and possible delays inherent in that environment may increase the risks associated with our exploration and production activities and increase our costs of doing business.

Our Control By Directors And Executive Officers May Result In Those Persons Having Interests Divergent From Our Other Stockholders

As of April 13, 2007, our Directors and executive officers and their respective affiliates, in the aggregate, beneficially hold 32,523,667 shares or approximately 49.1% of our outstanding Common Stock. As a result, these stockholders possess significant influence over us, giving them the ability, among other things, to elect a majority of our Board of Directors and approve significant corporate transactions. These persons will retain significant control over our present and future activities and our other stockholders and investors may be unable to meaningfully influence the course of our actions. These persons may have interests regarding the future activities and transactions in which we engage which may diverge from the interests of our other stockholders. Such share ownership and control may also have the effect of delaying or preventing a change in control of us, impeding a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquiror from making a tender offer or otherwise attempting to obtain control of us which could have a material adverse effect on the market price of our Common Stock. Although management has no intention of engaging in such activities, there is also a risk that the existing management will be viewed as pursuing an agenda which is beneficial to themselves at the expense of other stockholders.

Our Reliance On A Limited Number Of Key Management Personnel Imposes Risks On Us That We Will Have Insufficient Management Personnel Available If The Services Of Any Of Them Are Unavailable

We are dependent upon the services of our President and Chief Executive Officer, Jean Paul Roy, and Executive Vice President and Chief Financial Officer, Allan J. Kent. The loss of either of their services could have a material adverse effect upon us. We currently do not have employment agreements with either of such persons or key man life insurance. The services of both Mr. Roy and Mr. Kent are provided pursuant to the terms of agreements with corporations wholly-owned by each of them. At present, Mr. Kent's services are provided through an oral agreement with the corporation he owns. Accordingly, these agreements do not contain any provisions whereby Mr. Roy and Mr. Kent have direct contractual obligations to us to provide services or refrain from other activities.

At present, our future is substantially dependent upon the geological and geophysical capabilities of Mr. Roy to locate oil and gas exploration opportunities for us and the ventures in which we are a participant. His inability to do the foregoing could materially adversely affect our future activities. We entered into a three-year TSA with RGB dated August 29, 2003, a company owned 100% by Mr. Roy, to perform such geological and geophysical duties and exercise such powers related thereto as we may from time to time assign to it. The expiration term of this contract has subsequently been extended to December 31, 2007. We have no agreement directly with Mr. Roy regarding his services to us.

Our Success Is Largely Dependent On The Success Of The Operators Of The Ventures In Which We Participate And Their Failure Or Inability To Properly Or Successfully Operate The Oil And Gas Exploration, Development And Production Activities On An Exploration Block, Could Materially Adversely Affect Us

At present, our only oil and gas interests are our contractual rights under the terms of the ten PSCs with the GOI that we have entered into. We are not and will not be the operator of any of the exploration, drilling and production activities conducted on our exploration blocks, with the exception of the DS block in which we are the operator. Accordingly, the realization of successes in the exploration of the blocks is substantially dependent upon the success of the operators in exploring for and developing reserves of oil and gas and their ability to market those reserves at prices that will yield a return to us.

Under the terms of our CIA for the KG Offshore Block, we have a carried interest in the exploration activities conducted by the parties on the KG Offshore Block prior to the start date of initial commercial production. However, under the terms of that agreement, all of our proportionate share of capital costs for exploration and development activities must be repaid without interest over the projected production life or ten years, whichever is less. Our

proportionate share of these costs and expenses expected to be incurred over the 6.5 year term of the PSC for which our interest is carried was originally estimated to be approximately \$22.0 million. Additional drilling costs including the drilling to depths in excess of 5,000 meters, where higher downhole temperatures and pressures are encountered, versus shallower depths as originally anticipated, as well as the testing and completion costs of these wells, has resulted in additional costs exceeding originally estimated expenditures. As a consequence of these additional drilling costs incurred, as of April 13, 2007, the annual budget for the period April 1, 2007 to March 31, 2008 submitted to the Management Committee under the PSC

for the KG Offshore Block estimates that GSPC will expend approximately \$50.4 million attributed to us (including the amount attributable to RGM) under the CIA over the period April 1, 2007 to March 31, 2008. Further additional expenditures may be required for cost overruns and completions of commercially successful wells. We are unable to estimate the amount of additional expenditures GSPC will make as operator attributable to us prior to the start date of initial commercial production under the CIA or when, if ever, any commercial production will commence. Of these expenditures, 50% are for the account of Roy Group (Mauritius) Inc. under the terms of the Participating Interest Agreement between us and Roy Group (Mauritius) Inc. We are not entitled to any share of production from the KG Offshore Block until such time as the expenditures attributed to us, including those expenditures made for the account of Roy Group (Mauritius) Inc., under the CIA, have been recovered by GSPC from future production revenue. Therefore, we are unable to estimate when we may commence to receive distributions from any production of hydrocarbon reserves found on the KG Offshore Block. As provided in the CIA, in addition to repaying our proportionate share of capital costs incurred for which we were carried, we will be required to bear our proportionate share of the expenditures attributable to us after the start date of initial commercial production on the KG Offshore Block.

Certain Terms Of The Production Sharing Contracts May Create Additional Expenses And Risks That Could Adversely Affect Our Revenues And Profitability

The PSCs contain certain terms that may affect the revenues of the joint venture participants to the agreements and create additional risks for us. These terms include, possibly among others, the following:

- The venture participants are required to complete certain minimum work programs during the two or three phases of the terms of the PSCs. In the event the venture participants fail to fulfill any of these minimum work programs, the parties to the venture must pay to the GOI their proportionate share of the amount that would be required to complete the minimum work program. Accordingly, we could be called upon to pay our proportionate share of the estimated costs of any incomplete work programs. At April 13, 2007, we have failed to complete phase one work programs under three of our PSCs within the time periods agreed. We have applied to the GOI for extensions of these allotted time periods and are awaiting the GOI response.
- Until such time as the GOI attains self sufficiency in the production of crude oil and condensate and is able to meet its national demand, the parties to the venture are required to sell in the Indian domestic market their entitlement under the PSCs to crude oil and condensate produced from the exploration blocks. In addition, the Indian domestic market has the first call on natural gas produced from the exploration blocks and the discovery and production of natural gas must be made in the context of the government's policy of utilization of natural gas and take into account the objectives of the government to develop its resources in the most efficient manner and promote conservation measures. Accordingly, this provision could interfere with our ability to realize the maximum price for our share of production of hydrocarbons;
- The parties to each agreement that are not Indian companies, which includes us, are required to negotiate technical assistance agreements with the GOI or its nominee whereby such foreign company can render technical assistance and make available commercially available technical information of a proprietary nature for use in India by the government or its nominee, subject, among other things, to confidentiality restrictions. Although not intended, this could increase each venture's and our cost of operations; and
- The parties to each venture are required to give preference, including the use of tender procedures, to the purchase and use of goods manufactured, produced or supplied in India provided that such goods are available on equal or better terms than imported goods, and to employ Indian subcontractors having the required skills insofar as their services are available on comparable standards and at competitive prices and terms. Although not intended, this could increase the ventures and our cost of operations.

These provisions of the PSCs, possibly among others, may increase our costs of participating in the ventures and thereby affect our profitability. Failure to fully comply with the terms of the PSCs creates additional risks for us.

The Requirements of Section 404 of the Sarbanes-Oxley Act of 2002 Require That We Undertake an Evaluation of Our Internal Controls That May Identify Internal Control Weaknesses.

The Sarbanes-Oxley Act of 2002 imposes new duties on us and our executives, directors, attorneys and independent registered public accounting firm. In order to comply with the Sarbanes-Oxley Act, we are evaluating our internal controls systems to allow management to report on, and our independent auditors to attest to, our internal controls. We have initiated establishing the procedures for performing the system and process evaluation and testing required in an effort to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We anticipate being able to fully implement the requirements relating to reporting on internal controls and all other aspects of Section 404 in a timely fashion. If we are not able to implement the reporting requirements of Section 404 in a timely manner or with adequate compliance, our management and/or our auditors may not be able to render the required certification and/or attestation concerning the effectiveness of the internal controls over financial reporting, we may be subject to investigation and/or sanctions by regulatory authorities, such as the Securities and Exchange Commission or American Stock Exchange, and our reputation may be harmed. Any such action could adversely affect our financial results and the market price of our common stock.

Oil And Gas Prices Fluctuate Widely And Low Oil And Gas Prices Could Adversely Affect Our Financial Results

There is no assurance that there will be any market for oil or gas produced from the exploration blocks in which we hold an interest and our ability to deliver the production from any wells may be constrained by the absence of or limitations on collector systems and pipelines. Future price fluctuations could have a major impact on the future revenues from any oil and gas produced on these exploration blocks and thereby our revenue, and materially affect the return from and the financial viability of any reserves that are claimed. 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. In addition, because world oil prices are quoted in and trade on the basis of U.S. dollars, fluctuations in currency exchange rates that affect world oil prices could also affect our revenues. Prices for oil and gas 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, including:

- political conditions and civil unrest in oil producing regions, including the Middle East and elsewhere;
 - the domestic and foreign supply of oil and gas;
- quotas imposed by the Organization of Petroleum Exporting Countries upon its members;
 - the level of consumer demand;
 - weather conditions;
 - domestic and foreign government regulations;
 - the price and availability of alternative fuels;
 - overall economic conditions; and
 - international political conditions.

In addition, various factors may adversely affect the ability to market oil and gas production from our exploration blocks, including:

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- the capacity and availability of oil and gas gathering systems and pipelines;
- the ability to produce oil and gas in commercial quantities and to enhance and maintain production from existing wells and wells proposed to be drilled;
- the proximity of future hydrocarbon discoveries to oil and gas transmission facilities and processing equipment (as well as the capacity of such facilities);
- the effect of governmental regulation of production and transportation (including regulations relating to prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and condensate and matters associated with the protection of the environment);
 - the imposition of trade sanctions or embargoes by other countries;
 - the availability and frequency of delivery vessels;
 - changes in supply due to drilling by others;

- the availability of drilling rigs and qualified personnel; and
- changes in demand.

Our Ability To Locate And Participate In Additional Exploration Opportunities And To Manage Growth May Be Limited By Reason Of Our Limited History Of Operations And The Limited Size Of Our Staff

While our President and Executive Vice President have had extensive experience in the oil and gas exploration business, we have been engaged in limited activities in the oil and gas business over approximately the past three years and have a limited history of activities upon which you may base your evaluation of our performance. As a result of our brief operating history and limited activities in oil and gas exploration activities, our success to date in entering into ventures to acquire interests in exploration blocks may not be indicative that we will be successful in entering into any further ventures. There can be no assurance that we will be successful in growing our oil and gas exploration and development activities.

Any future significant growth in our oil and gas exploration and development activities will place demands on our executive officers, and any increased scope of our operations will present challenges to us due to our current limited management resources. Our future performance will depend upon our management and its ability to locate and negotiate opportunities to participate in joint venture and other arrangements whereby we can participate in exploration opportunities. There can be no assurance that we will be successful in these efforts. Our inability to locate additional opportunities, to hire additional management and other personnel or to enhance our management systems could have a material adverse effect on our results of operations.

Our Future Performance Depends Upon Our Ability And The Ability Of The Ventures In Which We Participate To Find Or Acquire Oil And Gas Reserves That Are Economically Recoverable

Our success in developing our oil and gas exploration and development activities will be dependent upon establishing, through our participation with others in joint ventures and other similar activities, reserves of oil and gas and maintaining and possibly expanding the levels of those reserves. We and the joint ventures in which we may participate may not be able to locate and thereafter replace reserves from exploration and development activities at acceptable costs. Lower prices of oil and gas may further limit the kinds of reserves that can be developed at an acceptable cost. The business of exploring for, developing or acquiring reserves is capital intensive. We may not be able to make the necessary capital investment to enter into joint ventures or similar arrangements to maintain or expand our oil and gas reserves if capital is unavailable to us and the ventures in which we participate. In addition, exploration and development activities involve numerous risks that may result in dry holes, the failure to produce oil and gas in commercial quantities, the inability to fully produce discovered reserves and the inability to enhance production from existing wells.

We expect that we will continually seek to identify and evaluate joint venture and other exploration opportunities for our participation as a joint venture participant or through some other arrangement. Our ability to enter into additional exploration activities will be dependent to a large extent on our ability to negotiate arrangements with others and with various governments and governmental entities whereby we can be granted a participation in such ventures. There can be no assurance that we will be able to locate and negotiate such arrangements, have sufficient capital to meet the costs involved in entering into such arrangements or that, once entered into, that such exploration activities will be successful. Successful acquisition of exploration opportunities can be expected to require, among other things, accurate assessments of potential recoverable reserves, future oil and gas prices, projected operating costs, potential environmental and other liabilities and other factors. Such assessments are necessarily inexact, and as estimates, their accuracy is inherently uncertain. We cannot assure you that we will successfully consummate any further exploration opportunities or joint venture or other arrangements leading to such opportunities.

Estimating Reserves And Future Net Revenues Involves Uncertainties And Oil And Gas Price Declines May Lead To Impairment Of Oil And Gas Assets

Currently, we do not claim any proved reserves of oil or natural gas. Any reserve information that we may provide in the future will represent estimates based on reports prepared by 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 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 therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Actual production, revenues and expenditures with respect to reserves we may claim 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.

Risks Relating To The Market For Our Common Stock

Volatility Of Our Stock Price

The public market for our common stock has been characterized by significant price and volume fluctuations. There can be no assurance that the market price of our common stock will not decline below its current or historic price ranges. The market price may bear no relationship to the prospects, stage of development, existence of oil and gas reserves, revenues, earnings, assets or potential of our company and may not be indicative of our future business performance. The trading price of our common stock could be subject to wide fluctuations. Fluctuations in the price of oil and gas and related international political events can be expected to affect the price of our common stock. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price for many companies which fluctuations have been unrelated to the operating performance of these companies. These market fluctuations, as well as general economic, political and market conditions, may have a material adverse effect on the market price of our company's common stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such companies. Such litigation, if instituted, and irrespective of the outcome of such litigation, could result in substantial costs and a diversion of management's attention and resources and have a material adverse effect on our company's business, results of operations and financial condition.

Item 7. Financial Statements

Our Financial Statements are included in a separate section of this report. See page F-1.

Explanation of Responses:

Item 8A. Controls and Procedures

Under the supervision and with the participation of our management, including Jean Paul Roy, our President and Chief Executive Officer, and Allan J. Kent, our Executive Vice President and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures within 90 days of the filing date of this annual report, and, based on their evaluation, Mr. Roy and Mr. Kent have concluded that these controls and procedures are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including Mr. Roy and Mr. Kent, as appropriate to allow timely decisions regarding required disclosure.

Based on the restatement of the financial statements for the year ended December 31, 2006 due to an error in the classification and calculation for stock-based compensation for non-employee consultants, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2006.

Item 13. Exhibits

| Exhibit | Description |
|---------|--|
| 3.1 | Certificate of Incorporation of the Registrant, as amended. (1) |
| 3.2 | Bylaws of the Registrant, as amended. (4) |
| 3.3 | Certificate of Amendment filed with the State of Delaware on November 25, 1998. (2) |
| 3.4 | Certificate of Amendment filed with the State of Delaware on December 4, 1998. (2) |
| 3.5 | Certificate of Amendment filed with the State of Delaware on March 18, 2003. (5) |
| 3.6 | Certificate of Amendment filed with the State of Delaware on January 8, 2004. (5) |
| 4.1 | Specimen stock certificate of the Registrant. (5) |
| 10.1 | Restated 1993 Stock Incentive Plan. (1) |
| 10.2 | 1994 Directors Stock Option Plan. (1) |
| 10.3 | 1994 Stock Option Plan. (1) |
| 10.4 | 1993 Stock Incentive Plan. (1) |
| 10.5 | 1998 Stock Incentive Plan. (2) |
| 10.6 | Stock Purchase Agreement dated April 4, 2003 by and among Suite101.com, Inc., Jean Paul Roy and GeoGlobal Resources (India) Inc. (3) |
| 10.7 | Amendment dated August 29, 2003 to Stock Purchase Agreement dated April 4, 2003. (4) |
| 10.8 | Technical Services Agreement dated August 29, 2003 between Suite101.com, Inc. and Roy Group (Barbados) Inc. (4) |
| 10.8.1 | Amendment to Technical Services Agreement dated January 31, 2006 between GeoGlobal Resources Inc. and Roy Group (Barbados) Inc. (8) |
| 10.9 | Participating Interest Agreement dated March 27, 2003 between GeoGlobal Resources (India) Inc. and Roy Group (Mauritius) Inc. (4) |
| 10.10 | Escrow Agreement dated August 29, 2003 among Registrant, Jean Paul Roy and Computershare Trust Company of Canada. (4) |

- 10.11 Promissory Note dated August 29, 2003 payable to Jean Paul Roy. (4)
- 10.12 Production Sharing Contract dated February 4, 2003, among The Government of India, Gujarat State Petroleum Corporation Limited, Jubilant Enpro Limited and GeoGlobal Resources (India) Inc. (6)

| | |
|-------|--|
| 10.13 | Production Sharing Contract dated February 6, 2004 among The Government of India, Gujarat State Petroleum Corporation Limited, Jubilant Enpro Private Limited and GeoGlobal Resources (Barbados) Inc. (6) |
| 10.14 | Production Sharing Contract dated February 6, 2004 among The Government of India, Gujarat State Petroleum Corporation Limited, Jubilant Enpro Private Limited, Prize Petroleum Company Limited and GeoGlobal Resources (Barbados) Inc. (6) |
| 10.15 | Carried Interest Agreement dated August 27, 2002 between Gujarat State Petroleum Corporation Limited and GeoGlobal Resources (India) Inc. (5) |
| 10.16 | Agency Agreement dated September 9, 2005 between the Company and Jones, Gable & Company Limited. (7) |
| 10.17 | Form of Subscription Agreement entered into by subscribers relating to offers and sales of Units by Jones, Gable & Company Limited. (7) Form of Subscription Agreement with respect to sales of an aggregate of 1,000,000 of the Units. (7) |
| 10.18 | Registration Rights Agreement dated September 9, 2005 between the Company and Jones, Gable & Company Limited. (7) |
| 10.19 | Production Sharing Contract dated September 23, 2005, between the Government of India and GeoGlobal Resources (Barbados) Inc. (7) |
| 10.20 | Production Sharing Contract dated September 23, 2005, between the Government of India, Gujarat State Petroleum Corporation Limited, GAIL (India) Ltd., Jubilant Capital Pvt. Ltd. and GeoGlobal Resources (Barbados) Inc. (7) |
| 10.21 | Production Sharing Contract dated March 2, 2007, between the Government of India, Oil India Limited and GeoGlobal Resources (Barbados) Inc. (9) |
| 10.22 | Production Sharing Contract dated March 2, 2007, between the Government of India, Oil India Limited and GeoGlobal Resources (Barbados) Inc. (9) |
| 10.23 | Production Sharing Contract dated March 2, 2007, between the Government of India, Oil India Limited, Hindustan Petroleum Corpn. Ltd. and GeoGlobal Resources (Barbados) Inc. (9) |
| 10.24 | Production Sharing Contract dated March 2, 2007, between the Government of India and GeoGlobal Resources (Barbados) Inc. (9) |
| 14 | Code of Ethics. (5) |

| 21 | Subsidiaries of the Registrant: | | | | | | | | |
|-------------------------------------|--|------|--|----------------------------------|----------|-----------------------------------|---------|-------------------------------------|----------|
| | <table border="0"> <thead> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">State or Jurisdiction of Incorporation</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">GeoGlobal Resources (India) Inc.</td> <td style="text-align: center;">Barbados</td> </tr> <tr> <td style="text-align: center;">GeoGlobal Resources (Canada) Inc.</td> <td style="text-align: center;">Alberta</td> </tr> <tr> <td style="text-align: center;">GeoGlobal Resources (Barbados) Inc.</td> <td style="text-align: center;">Barbados</td> </tr> </tbody> </table> | Name | State or Jurisdiction of Incorporation | GeoGlobal Resources (India) Inc. | Barbados | GeoGlobal Resources (Canada) Inc. | Alberta | GeoGlobal Resources (Barbados) Inc. | Barbados |
| Name | State or Jurisdiction of Incorporation | | | | | | | | |
| GeoGlobal Resources (India) Inc. | Barbados | | | | | | | | |
| GeoGlobal Resources (Canada) Inc. | Alberta | | | | | | | | |
| GeoGlobal Resources (Barbados) Inc. | Barbados | | | | | | | | |
| 23 | Consent of experts and counsel: | | | | | | | | |
| <u>23.1</u> | <u>Consent of Ernst & Young LLP. (10)</u> | | | | | | | | |
| <u>31.1</u> | <u>Certification of President and Chief Executive Officer Pursuant to Rule 13a-14(a). (10)</u> | | | | | | | | |
| <u>31.2</u> | <u>Certification of Chief Financial Officer Pursuant to Rule 13a-14(a). (10)</u> | | | | | | | | |
| <u>32.1</u> | <u>Certification of President and Chief Executive Officer Pursuant to Section 1350 (furnished, not filed). (10)</u> | | | | | | | | |
| <u>32.2</u> | <u>Certification of Chief Financial Officer Pursuant to Section 1350 (furnished, not filed). (10)</u> | | | | | | | | |

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- (1) Filed as an Exhibit to Neuro Navigational Corporation Form 10-KSB No. 0-25136 dated September 30, 1994.
- (2) Filed as an Exhibit to our Current Report on Form 8-K dated December 10, 1998.
- (3) Filed as exhibit 10.1 to our Quarterly Report on Form 10-QSB for the quarter ended March 31, 2003.
- (4) Filed as an exhibit to our Current Report on Form 8-K for August 29, 2003.
- (5) Filed as an Exhibit to our Form 10-KSB dated April 1, 2004.
- (6) Filed as an Exhibit to our Form 10-KSB/A dated April 28, 2004.
- (7) Filed as an Exhibit to our Quarterly Report on Form 10-QSB for the quarter ended September 30, 2005.
- (8) Filed as an Exhibit to our Current Report on Form 8-K dated January 31, 2006.
- (9) To be filed as an Exhibit to our Quarterly Report on Form 10Q for the quarter ending March 31, 2007.
- (10) Filed herewith.

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GEOGLOBAL RESOURCES INC.
(a development stage enterprise)

CONSOLIDATED FINANCIAL STATEMENTS

F-1

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND DECEMBER 31, 2005

(in United States dollars)
GeoGlobal Resources Inc.
(a development stage enterprise)

Index to Consolidated Financial Statements

December 31, 2006 and December 31, 2005

| | |
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| Financial Statements | |
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| <u>Consolidated Statements of Operations</u> | F-5 |
| <u>Consolidated Statements of Changes in Stockholders' Equity</u> | F-6 |
| <u>Consolidated Statements of Cash Flows</u> | F-7 |
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F-2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders Of
GeoGlobal Resources Inc.

We have audited the accompanying restated consolidated balance sheets of GeoGlobal Resources Inc., a development stage enterprise, as of December 31, 2006 and 2005 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2006, 2005 and 2004, and for the cumulative period from inception on August 21, 2002 to December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the restated consolidated financial position of GeoGlobal Resources Inc. as at December 31, 2006 and 2005 and the consolidated results of its operations and its cash flows for the years ended December 31, 2006, 2005, and 2004, and for the cumulative period from inception on August 21, 2002 to December 31, 2006 in conformity with United States generally accepted accounting principles.

As explained in note 6(c), the consolidated balance sheets as at December 31, 2006, 2005 and 2004 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2006, 2005, and 2004 and for the cumulative period from inception on August 21, 2002 to December 31, 2006 have been restated.

"Ernst & Young LLP" (signed)

CALGARY, ALBERTA
March 23, 2007 except for Note 6(c),
which is as of June 5, 2008

CHARTERED ACCOUNTANTS

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

| | December 31, 2006 US \$ Restated note 6c | December 31, 2005 US \$ Restated note 6c |
|--|--|--|
| Assets | | |
| Current | | |
| Cash and cash equivalents (note 2i) | 32,362,978 | 36,037,388 |
| Accounts receivable | 202,821 | 139,035 |
| Prepays and deposits | 31,232 | 5,718 |
| Cash call receivable | -- | 49,947 |
| | 32,597,031 | 36,232,088 |
| Restricted cash (note 11a) | 3,590,769 | 392,485 |
| Property and equipment (note 3) | 183,427 | 89,826 |
| Oil and gas interests, not subject to depletion (note 4) | 12,121,334 | 3,957,723 |
| | 48,492,561 | 40,672,122 |
| Liabilities | | |
| Current | | |
| Accounts payable | 1,888,103 | 159,145 |
| Accrued liabilities | 33,487 | 43,500 |
| Due to related companies (notes 8c, 8d and 8e) | 33,605 | 244,452 |
| | 1,955,195 | 447,097 |
| Stockholders' Equity (note 5) | | |
| Capital stock | | |
| 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 | | |
| 66,208,255 common shares (December 31, 2005 – 62,954,255) | 51,617 | 48,361 |
| Additional paid-in capital | 52,900,900 | 45,043,012 |
| Deficit accumulated during the development stage | (6,415,151) | (4,866,348) |
| | 46,537,366 | 40,225,025 |
| | 48,492,561 | 40,672,122 |
| See Commitments, Contingencies and Guarantees (note 11) | | |
| The accompanying notes are an integral part of these Consolidated Financial Statements | | |

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

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception, Aug 21, 2002 to Dec 31, 2006 US \$ |
|--|--|--|--|---|
| | Restated note 6c | Restated note 6c | Restated note 6c | Restated note 6c |
| Expenses (notes 8c, 8d, 8e and 6b) | | | | |
| General and administrative | 1,890,926 | 495,326 | 451,788 | 2,995,642 |
| Consulting fees | 1,104,106 | 2,947,126 | 541,617 | 4,803,802 |
| Professional fees | 251,261 | 201,298 | 161,381 | 752,676 |
| Depreciation | 49,323 | 49,531 | 61,308 | 211,310 |
| | 3,295,616 | 3,693,281 | 1,216,094 | 8,763,430 |
| Other expenses (income) | | | | |
| Consulting fees recovered | -- | (12,950) | (14,300) | (66,025) |
| Equipment costs recovered | -- | (12,950) | (2,200) | (19,395) |
| Gain on sale of equipment | -- | (42,228) | -- | (42,228) |
| Foreign exchange (gain) loss | 4,737 | (319) | 3,495 | 26,547 |
| Interest income | (1,751,550) | (462,174) | (31,591) | (2,247,178) |
| | (1,746,813) | (530,621) | (44,596) | (2,348,279) |
| Net loss and comprehensive loss for the period (note 9) | (1,548,803) | (3,162,660) | (1,171,498) | (6,415,151) |
| Net loss per share – basic and diluted (note 5f) | (0.03) | (0.06) | (0.03) | |

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

GEOGLOBAL RESOURCES INC.

(a development stage enterprise)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| | Capital Stock US \$ | Additional paid-in capital US \$ | Accumulated Deficit US \$ | Stockholders' Equity US \$ |
|--|------------------------|---|---------------------------------|----------------------------------|
| | | Restated note 6c | Restated note 6c | Restated note 6c |
| Common shares issued on incorporation on Aug 21, 2002 | 64 | -- | -- | 64 |
| Net loss and comprehensive loss for the period | -- | -- | (13,813) | (13,813) |
| Balance at December 31, 2002 | 64 | -- | (13,813) | (13,749) |
| Common shares issued during the year | | | | |
| On acquisition (note 7) | 34,000 | 1,072,960 | -- | 1,106,960 |
| Options exercised for cash | 397 | 101,253 | -- | 101,650 |
| December 2003 private placement financing (note 5c) | 6,000 | 5,994,000 | -- | 6,000,000 |
| Share issuance costs on private placement | -- | (550,175) | -- | (550,175) |
| Stock-based compensation | -- | 62,913 | -- | 62,913 |
| Net loss and comprehensive loss for the year | -- | -- | (518,377) | (518,377) |
| Balance at December 31, 2003 | 40,461 | 6,680,951 | (532,190) | 6,189,222 |
| Common shares issued during the year | | | | |
| Options exercised for cash | 115 | 154,785 | -- | 154,900 |
| Broker Warrants exercised for cash (note 5c) | 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 | 40,615 | 7,244,602 | (1,703,688) | 5,581,529 |
| Common shares issued during the year | | | | |
| Options exercised for cash (note 5e(i)) | 739 | 1,004,647 | -- | 1,005,386 |
| 2003 Purchase Warrants exercised for cash (note 5d(i)) | 2,214 | 5,534,036 | -- | 5,536,250 |
| Broker Warrants exercised for cash (note 5c) | 541 | 810,809 | -- | 811,350 |
| September 2005 private placement financing (note 5b) | 4,252 | 27,636,348 | -- | 27,640,600 |
| Share issuance costs on private placement (note 5b) | -- | (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 | 48,361 | 45,043,012 | (4,866,348) | 40,225,025 |
| Common shares issued during the year | | | | |
| Options exercised for cash (note 5e(i)) | 2,285 | 2,706,895 | -- | 2,709,180 |
| Options exercised for notes receivable (note 6f) | 185 | 249,525 | -- | 249,710 |
| 2003 Purchase Warrants exercised for cash (note 5d(i)) | 786 | 1,962,964 | -- | 1,963,750 |
| Share issuance costs | -- | (74,010) | -- | (74,010) |
| Stock-based compensation (note 6b) | -- | 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 | 51,617 | 52,900,900 | (6,415,151) | 46,537,366 |

Explanation of Responses:

See note 5 for further information

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

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception, Aug 21, 2002 to Dec 31, 2006 US \$ |
|--|--|--|--|---|
| | Restated note 6c | Restated note 6c | Restated note 6c | Restated note 6c |
| Cash flows provided by (used in) operating activities: | | | | |
| Net loss | (1,548,803) | (3,162,660) | (1,171,498) | (6,415,151) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | | |
| Depreciation | 49,323 | 49,531 | 61,308 | 211,310 |
| Gain on sale of equipment | -- | (42,228) | -- | (42,228) |
| Stock-based compensation (note 6b) | 1,588,289 | 2,681,680 | 304,002 | 4,614,653 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | (63,786) | 42,202 | (99,750) | (127,821) |
| Prepays and deposits | (25,514) | (5,718) | -- | (31,232) |
| Accounts payable | (23,720) | 24,307 | (147,060) | 34,651 |
| Accrued liabilities | (10,013) | 22,500 | 4,600 | 33,487 |
| Due to related companies | (210,847) | 224,828 | (27,239) | (8,151) |
| | (245,071) | (165,558) | (1,075,637) | (1,730,482) |
| Cash flows provided by (used in) investing activities: | | | | |
| Oil and gas interests | (6,739,386) | (1,578,124) | (460,016) | (8,956,049) |
| Property and equipment | (142,924) | (36,876) | (87,341) | (435,309) |
| Proceeds on sale of equipment | -- | 82,800 | -- | 82,800 |
| Cash acquired on acquisition (note 7) | -- | -- | -- | 3,034,666 |
| Restricted cash (note 11a) | (3,198,284) | (185,689) | (206,796) | (3,590,769) |
| Changes in investing assets and liabilities: | | | | |
| Cash call receivable | 49,947 | (22,436) | (27,511) | -- |
| Accounts payable | 1,763,478 | 94,415 | -- | 1,804,444 |
| Accrued liabilities | -- | (33,442) | 33,442 | -- |
| | (8,267,169) | (1,679,352) | (748,222) | (8,060,217) |
| Cash flows provided by (used in) financing activities: | | | | |
| Proceeds from issuance of common shares | 4,922,640 | 34,993,586 | 213,550 | 46,231,490 |
| Share issuance costs | (74,010) | (1,541,686) | -- | (2,165,871) |
| Changes in financing liabilities: | | | | |
| Note payable (note 8a) | -- | -- | (1,000,000) | (2,000,000) |
| Accounts payable | (10,800) | 10,800 | -- | 61,078 |
| Due to shareholder | -- | -- | -- | -- |
| Due to related companies | -- | -- | -- | 26,980 |
| | 4,837,830 | 33,462,700 | (786,450) | 42,153,677 |
| Net increase (decrease) in cash and cash equivalents | (3,674,410) | 31,617,790 | (2,610,309) | 32,362,978 |

Explanation of Responses:

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| | | | | |
|--|------------|------------|-----------|------------|
| Cash and cash equivalents, beginning of period | 36,037,388 | 4,419,598 | 7,029,907 | -- |
| Cash and cash equivalents, end of period | 32,362,978 | 36,037,388 | 4,419,598 | 32,362,978 |
| Cash and cash equivalents | | | | |
| Current bank accounts | 316,329 | 127,803 | 90,670 | 316,329 |
| Term deposits | 32,046,649 | 35,909,585 | 4,328,928 | 32,046,649 |
| | 32,362,978 | 36,037,388 | 4,419,598 | 32,362,978 |
| Cash taxes paid during the period | 17,775 | 15,500 | 2,750 | 39,463 |
| 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
December 31, 2006

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 ("PSC") with the Gujarat State Petroleum Corporation ("GSPC"), Oil India Limited ("OIL") 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. 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 PSC's in India and upon future profitable operations and upon finalizing agreements with GSPC and OIL.

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

GeoGlobal Resources Inc. changed its name from Suite101.com, Inc. after receiving shareholder approval at the Annual Shareholders Meeting held on January 8, 2004. Collectively, GeoGlobal Resources Inc., GeoGlobal India and its other wholly-owned direct and indirect subsidiaries, are referred to as the "Company" or "GeoGlobal".

2. Significant Accounting Policies

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States within the framework of the accounting policies summarized below.

These consolidated financial statements include the accounts of (i) GeoGlobal Resources Inc., from the date of acquisition, being August 29, 2003, (ii) 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, which is a wholly-owned subsidiary of GeoGlobal Resources Inc., (iii) GeoGlobal Resources (Canada) Inc., incorporated under the Business Corporations Act (Alberta), Canada on September 4, 2003, which is a wholly-owned subsidiary of GeoGlobal Resources Inc., and (iv) GeoGlobal Resources (Barbados) Inc. incorporated under the Companies Act of Barbados, West Indies on September 24, 2003, which is the wholly-owned subsidiary of GeoGlobal Resources (Canada) Inc.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

2. Significant Accounting Policies (continued)

b) Oil and gas interests

i) Capitalized costs

The Company follows the full cost method of accounting for its petroleum and natural gas operations. Under this method all costs related to the exploration for and development of petroleum and natural gas reserves are capitalized. Costs include land acquisition costs, geological and geophysical expenditures, costs of drilling both productive and non-productive wells and related overhead costs. Proceeds from the sale of properties will be applied against capitalized costs, without any gain or loss being realized, unless such sale would significantly alter the relationship between capital costs and proven reserves of petroleum and natural gas attributable to the cost center.

ii) Depletion

Upon the commencement of production of economic quantities of oil and gas, depletion of exploration and development costs and depreciation of production equipment will be provided on a country-by-country basis using the unit-of-production method based upon estimated proven petroleum and natural gas reserves. The costs of acquiring and evaluating unproven properties and major development projects will be excluded from costs subject to depletion until it is determined whether or not proven reserves are attributable to the properties, the major development projects are completed, or impairment occurs. For depletion and depreciation purposes, relative volumes of petroleum and natural gas production and reserves will be converted into equivalent units based upon estimated relative energy content.

iii) Ceiling test

In applying the full cost method, the Company will be calculating a ceiling test whereby the carrying value of petroleum and natural gas properties and production equipment, net of recorded deferred income taxes is limited to the present value of after-tax future net revenues from proven reserves, discounted at 10% (based on prices and costs at the balance sheet date calculated quarterly), plus the lower of cost and fair value of unproven properties. Should this comparison indicate an excess carrying value, the excess will be charged against earnings as additional depletion and depreciation. Unproven properties are assessed quarterly for possible impairments or reductions in value.

iv) Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying value of the related long-lived asset. The fair value is determined through a review of engineering and environmental studies, industry guidelines, and management's estimate on a site by site basis. The liability is subsequently adjusted for the passage of time, and is recognized as accretion expense in the consolidated statement of operations. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized over the useful life of the related productive assets.

v) Revenue recognition

Revenue associated with the production and sales of crude oil, natural gas and natural gas liquids owned by the Company will be recognized when production is sold to a purchaser at a fixed or determinable price, and when delivery has occurred and title passes from the Company to its customer, and if the collectibility of the revenue is probable.

c) Property and Equipment

Computer and office equipment are recorded at cost, with depreciation provided for on a declining-balance basis at 30% per annum.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

2. Significant Accounting Policies (continued)

d) Joint operations

All of the Company's petroleum and natural gas activities are conducted jointly with others. The Company's undivided interests in joint ventures are consolidated on a proportionate basis.

e) Net loss per share

Net loss per share is calculated based upon the weighted-average number of shares outstanding during the period. The treasury stock method is used to determine the dilutive effect of the stock options. The treasury stock method assumes any proceeds obtained upon exercise of options would be used to purchase common shares at the average market price during the period. There are no differences between net loss and the weighted-average number of shares used in the calculation of the basic net loss per share and those used in the calculation of diluted net loss per share as the effect of the options and warrants on the diluted net loss per share calculations is anti-dilutive for all periods presented.

f) Comprehensive loss

Comprehensive loss includes all changes in equity except those resulting from investments made by owners and distributions to owners. Comprehensive loss consists only of net loss for all periods presented.

g) Use of estimates

The preparation of the 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimated amounts.

h) Financial instruments

The Company has estimated the fair value of its financial instruments which include cash and cash equivalents, restricted cash, accounts receivable, accounts payable and due to related companies. The Company used valuation methodologies and market information available as at period end to determine that the carrying amounts of such financial instruments approximate fair value in all cases. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of three months or less, earning interest based upon the US prime rate. Interest earned during the year ended December 31, 2006 was US\$1,751,550 (December 31, 2005 – US\$462,174) which included US\$1,744,697 (December 31, 2005 – US\$454,887) of interest earned on our cash and cash equivalents held in term deposits representing an average rate of 4.81% (December 31, 2005 – 2.57%).

j) Foreign currency translation

The Company translates integrated foreign operations into the functional currency of the parent. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange in effect at the date of the balance sheet. Non-monetary items are translated at the rate of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses are translated at average rates in effect during the period, with the

exception of depreciation which is translated at historic rates. Exchange gains and losses are charged to operations.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

2. Significant Accounting Policies (continued)

k) Income taxes

The Company follows the liability method of tax allocation. Under this method, assets and liabilities are determined based on differences between the tax basis of an asset or liability and its carrying value using enacted tax rates anticipated to apply in the periods when the temporary differences are expected to reverse.

The effect on deferred income tax assets and liabilities of changes in tax rates is recognized in income or loss in the period in which the change is enacted.

l) Stock-based compensation plan

In prior years, reporting of the impact of stock-based compensation, such as employee stock options, on the Company's net loss and net loss per share was required only on a pro-forma basis.

In December, 2004, the Financial Accounting Standards Board issued a revision to Standard 123, Accounting for Stock-Based Compensation. The Statement of Financial Accounting Standards 123(R), Share-Based Payment ("FAS 123(R)"), requires the recognition of compensation cost for stock-based compensation arrangements with employees, consultants and directors based on their grant date fair value using the Modified Black-Scholes option-pricing model. Compensation expense is recorded over the awards' respective requisite service, with corresponding entries to paid-in capital.

The Company adopted FAS 123(R) using the modified-prospective-transition method on January 1, 2006. The impact of this adoption required the Company to recognize a charge for past stock-based compensation options granted of US\$367,596 over the subsequent 3 years in accordance with their respective vesting periods.

m) Warrants

In accordance with EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock", the warrants were reported as equity instruments and recorded at fair market value on the date of issuance.

3. Property and Equipment

| | December 31, 2006 US\$ | December 31, 2005 US\$ |
|---------------------------------------|------------------------------|------------------------------|
| Computer and office equipment | 324,419 | 209,585 |
| Accumulated depreciation | (169,082) | (119,759) |
| | 155,337 | 89,826 |
| Office condominium deposit (note 13b) | 28,090 | -- |
| | 183,427 | 89,826 |

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GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
December 31, 2006

4. Oil and Gas Interests

| | December 31, 2006 US\$ | December 31, 2005 US\$ |
|--------------------------------|------------------------------|------------------------------|
| | Restated note 6c | Restated note 6c |
| Exploration – India | | |
| Exploration costs incurred in: | | |
| 2002 | 21,925 | 21,925 |
| 2003 | 178,829 | 178,829 |
| 2004 | 506,269 | 506,269 |
| 2005 | 3,250,700 | 3,250,700 |
| | 3,957,723 | 3,957,723 |
| 2006 | 8,163,611 | -- |
| | 12,121,334 | 3,957,723 |

a) Exploration costs – India

The exploration costs incurred to date are not subject to depletion and cover six exploration blocks, known as the KG Offshore Block, the Mehsana Block, the Sanand/Miroli Block, the Ankleshwar Block, the DS 03 Block and the Tarapur Block. It is anticipated that all or certain of these exploration costs may be subject to depletion commencing in the year 2007.

b) Capitalized overhead costs (Restated note 6c)

Included in the US\$8,163,611 of exploration cost additions during the year ended December 31, 2006 (year ended December 31, 2005 - US\$3,250,700) are certain overhead costs capitalized by the Company in the amount of US\$2,791,520 (year ended December 31, 2005 - US\$2,141,844) directly related to the exploration activities in India. The capitalized overhead amount includes capitalized stock-based compensation of US\$1,424,225 (year ended December 31, 2005 - US\$1,672,576) (see note 6b) of which US\$323,283 (year ended December 31, 2005 - US\$nil) was for the account of a related party (see note 8c). Further, the capitalized overhead amount includes US\$1,000,705 (year ended December 31, 2005 - US\$145,773) which was paid to third parties and US\$nil (year ended December 31, 2005 - US\$51,800) was recovered from third parties. The balance of US\$366,590 was paid to and on behalf of a related party (year ended December 31, 2005 - US\$375,295) (see note 8c). These costs are incurred solely by and on behalf of the Company in providing its services under the Carried Interest Agreement (“CIA”) and are therefore not reimbursable under the CIA (see note 4c).

c) 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% - see note 4d) 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 (note 8b) 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 December 31, 2006, GSPC has incurred costs of Rs 114.96 crore (approximately US\$26.1 million) (December 31, 2005 - Rs 63.31 crore (approximately US\$14.1 million)) attributable to GeoGlobal under the CIA of which 50% is for the account of RGM.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

4. Oil and Gas Interests (continued)

d) Participating Interest Agreement

On March 27, 2003, GeoGlobal entered into a Participating Interest Agreement ("PIA") with RGM, whereby GeoGlobal assigned and holds in trust for RGM subject to GOI consent, 50% of the benefits and obligations of the PSC covering the Exploration Block KG-OSN-2001/3 ("PSC-KG") and the CIA leaving GeoGlobal with a net 5% participating interest in the PSC-KG and a net 5% carried interest in the CIA. Under the terms of the PIA, until the GOI consent is obtained, GeoGlobal retains the exclusive right to deal with the other parties to the PSC-KG and the CIA and is entitled to make all decisions regarding the interest assigned to RGM, RGM has agreed to be bound by and be responsible for the actions taken by, obligations undertaken and costs incurred by GeoGlobal in regard to RGM's interest and to be liable to GeoGlobal for its share of all costs, interests, liabilities and obligations arising out of or relating to the RGM interest. RGM has agreed to indemnify GeoGlobal against any and all costs, expenses, losses, damages or liabilities incurred by reason of RGM's failure to pay the same. Subject to obtaining the government consent to the assignment, RGM is entitled to all income, receipts, credits, reimbursements, monies receivable, rebates and other benefits in respect of its 5% interest which relate to the PSC-KG. GeoGlobal has a right of set-off against sums owing to GeoGlobal by RGM. In the event that the Indian government consent is delayed or denied, resulting in either RGM or GeoGlobal being denied an economic benefit it would have realized under the PIA, the parties agreed to amend the PIA or take other reasonable steps to assure that an equitable result is achieved consistent with the parties' intentions contained in the PIA. As a consequence of this transaction the Company reports its holdings under the PSC-KG and CIA as a net 5% participating interest ("PI").

e) Deed of Assignment and Assumption

On April 7, 2005, the Company entered into a Deed of Assignment and Assumption with GSPC whereby, subject to the terms of the agreement, the Company agreed to acquire and assume and GSPC agreed to assign a 20% PI in the onshore Tarapur exploration block (CB-ON/2). The assignment of the 20% PI was subject to obtaining the consent of the GOI to the assignment, which consent was received effective August 24, 2006. As a condition to receiving the GOI consent, the Company provided to the GOI an irrevocable letter of credit in the amount of US\$1,200,000 secured by a term deposit of the Company in the same amount (see note 11a). This amount represents the Company's performance guarantee for its 20% PI share (Rs. 5.3 crore) of the estimated exploration costs budgeted for the period April 1, 2006 through March 31, 2007.

Under the terms of the Company's agreement with GSPC, the Company is to fund its 20% PI share of all past exploration costs incurred on the Tarapur exploration block. As at December 31, 2006, the amount of US\$3,972,765 has been included in oil and gas interests for our PI share of costs incurred in the previous drilling of eight exploration wells and a recently completed 500 sq. km. 3D seismic acquisition.

f) Production Sharing Contracts

i) Exploration Block KG-OSN-2001/3 (also referred to as "KG Offshore Block")

On February 4, 2003, GeoGlobal, as to a 10% PI (net 5% - see note 4d) together with its joint venture participants, Jubilant Enpro Limited ("Enpro") and GSPC, as to their 10% and 80% PI respectively, entered into a PSC with respect to the KG Offshore Block ("PSC-KG") with the GOI. The KG Offshore Block is located offshore on the east coast of India in the Krishna Godavari Basin. See also Carried Interest Agreement note 4c.

The PSC-KG allows the joint venture participants to explore for petroleum and natural gas over a 6.5 year period commencing March 12, 2003 on the KG Offshore Block subject to the work commitment as outlined in note 11c.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
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4. Oil and Gas Interests (continued)

ii) Exploration Block CB-ONN-2002/2 (also referred to as "Mehsana Block")

On February 6, 2004, GeoGlobal as to its 10% PI, along with its joint venture participants, Enpro and GSPC as to their 30% and 60% PI respectively, entered into a PSC with respect to the Mehsana Block ("PSC-Mehsana") with the GOI. The Mehsana Block covers an area of approximately 125 square kilometers ("sq. kms.") in the Cambay Basin, located in the province of Gujarat in Northwest India.

The PSC-Mehsana allows the joint venture participants to explore for petroleum and natural gas over a 6 year period commencing May 31, 2004 on the Exploration Block subject to the work commitment as outlined in note 11b.

iii) Exploration Block CB-ONN-2002/3 (also referred to as "Sanand/Miroli Block")

On February 6, 2004, GeoGlobal as to its 10% PI, along with its joint venture participants, Enpro, GSPC, and Prize Petroleum Company Limited as to their 20%, 55% and 15% PI respectively, entered into a PSC with respect to the Sanand/Miroli Block ("PSC-Sanand/Miroli") with the GOI. The Sanand/Miroli Block covers an area of approximately 285 sq. kms. in the Cambay Basin, located in the province of Gujarat in Northwest India.

The PSC-Sanand/Miroli allows the joint venture participants to explore for petroleum and natural gas over a 6 year period commencing July 29, 2004 on the Exploration Block subject to the work commitment as outlined in note 11b.

iv) Exploration Block CB-ONN-2003/2 (also referred to as "Ankleshwar Block")

On September 28, 2005, GeoGlobal as to its 10% PI, along with its joint venture participants, Gail (India) Ltd., Jubilant Capital Pvt. Ltd. and GSPC as to their 20%, 20% and 50% PI respectively, entered into a PSC with respect to the Ankleshwar Block ("PSC-Ankleshwar") with the GOI. The Ankleshwar Block covers an area of approximately 448 sq. kms. in the Cambay Basin, located in the province of Gujarat in Northwest India.

The PSC-Ankleshwar allows the joint venture participants to explore for petroleum and natural gas over a 7 year period commencing April 1, 2006 on the Exploration Block subject to the work commitment as outlined in note 11b.

v) Exploration Block DS-ONN-2003/1 (also referred to as "DS 03 Block")

On September 28, 2005, GeoGlobal as to its 100% PI entered into a PSC with respect to the DS 03 Block ("PSC-DS") with the GOI. The DS 03 Block covers an area of approximately 3,155 sq. kms. in the Deccan Syncline Basin, located in the northern portion of the State of Maharashtra in West Central India.

The PSC-DS allows GeoGlobal to explore for petroleum and natural gas over a 7 year period commencing September 4, 2006 on the Exploration Block subject to the work commitment as outlined in note 11b.

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
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5. Capital Stock

a) Common shares

| | Number of shares | Capital stock US \$ | Additional paid-in capital US \$ Restated note 6c |
|---|---------------------|---------------------------|--|
| 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 GeoGlobal India | 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 7) | (1,000) | (14,657) | (10,914,545) |
| Options exercised for cash | 396,668 | 397 | 101,253 |
| December 2003 private placement financing (note 5c) | 6,000,000 | 6,000 | 5,994,000 |
| Share issuance costs on private placement | -- | -- | (483,325) |
| Stock-based compensation (note 6b) | -- | -- | 62,913 |
| | 55,052,355 | 40,397 | 6,680,951 |
| Balance as at December 31, 2003 | 55,053,355 | 40,461 | 6,680,951 |
| 2004 Transactions | | | |
| Options exercised for cash | 115,000 | 115 | 154,785 |
| Broker Warrants exercised for cash (note 5c) | 39,100 | 39 | 58,611 |
| Stock-based compensation (note 6b) | -- | -- | 350,255 |
| | 154,100 | 154 | 563,651 |
| Balance as at December 31, 2004 | 55,207,455 | 40,615 | 7,244,602 |
| 2005 Transactions | | | |
| Options exercised for cash (note 5e(i)) | 739,000 | 739 | 1,004,647 |
| 2003 Purchase Warrants exercised for cash (note 5d(i)) | 2,214,500 | 2,214 | 5,534,036 |
| Broker Warrants exercised for cash (note 5c) | 540,900 | 541 | 810,809 |
| September 2005 private placement financing (note 5b) | 4,252,400 | 4,252 | 27,636,348 |
| Share issuance costs on private placement (note 5b) | -- | -- | (1,541,686) |
| Stock-based compensation (note 6b) | -- | -- | 4,354,256 |
| | 7,746,800 | 7,746 | 37,798,410 |

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| | | | |
|--|------------|--------|------------|
| Balance as at December 31, 2005 | 62,954,255 | 48,361 | 45,043,012 |
| 2006 Transactions | | | |
| Options exercised for cash (note 5e(i)) | 2,284,000 | 2,285 | 2,706,895 |
| Options exercised for notes receivable (note 6f) | 184,500 | 185 | 249,525 |
| 2003 Purchase Warrants exercised for cash (note 5d(i)) | 785,500 | 786 | 1,962,964 |
| Share issuance costs | -- | -- | (74,010) |
| Stock-based compensation (note 6b) | -- | -- | 3,012,514 |
| | 3,254,000 | 3,256 | 7,857,888 |
| Balance as at December 31, 2006 | 66,208,255 | 51,617 | 52,900,900 |

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

5. Capital Stock (continued)

b) September 2005 Financing

During September 2005, GeoGlobal completed the sale of 3,252,400 Units of its securities at US\$6.50 per Unit, together with a concurrent sale of an additional 1,000,000 Units on the same terms, for aggregate gross cash total proceeds of US\$27,640,600.

Each Unit is comprised of one common share and one half of one warrant. One full warrant ("2005 Purchase Warrant") entitles the holder to purchase one additional common share for US\$9.00, for a term of two years expiring September 2007. The 2005 Purchase Warrants are subject to accelerated expiration in the event that the price of the Company's common shares on the American Stock Exchange is US\$12.00 or more for 20 consecutive trading days, the resale of the shares included in the Units and issuable on exercise of the 2005 Purchase Warrants has 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 warrant term will be reduced to 30 days from the date of issuance of a news release announcing such accelerated expiration of the warrant term. At March 23, 2007 since not all such events have occurred, the accelerated expiration of the warrant term was not triggered.

Costs of US\$1,541,686 were incurred in issuing shares in these transactions which included a fee of US\$1,268,436 paid to Jones Gable & Company Limited with respect to the sale of the 3,252,400 Units, and, in addition, Compensation Options were issued to Jones Gable & Company Limited entitling it to purchase an additional 195,144 Units at an exercise price of US\$6.50 per Unit through their expiration in September 2007. Compensation Options are also subject to accelerated expiration on the same terms and conditions as the warrants issued in the transaction.

c) December 2003 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 US\$6,000,000.

Each unit is comprised of one common share and one half of one warrant. One full warrant ("2003 Purchase Warrant"), entitles the holder to purchase one additional common share for US\$2.50, for a term of two years from date of closing. The 2003 Purchase Warrants are 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\$4.00 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. Also issued as additional consideration for this transaction were 580,000 Broker Warrants.

The 580,000 Broker Warrants described above entitled the holder to purchase 580,000 common shares at an exercise price of US\$1.50 per share which were fully exercised before they expired on December 23, 2005 for gross proceeds of US\$870,000.

GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
December 31, 2006

5. Capital Stock (continued)

d) Warrants

i) 2003 Purchase Warrants

During the year ended December 31, 2006, 785,500 (December 31, 2005 - 2,214,500) 2003 Purchase Warrants were exercised for gross proceeds of US\$1,963,750 (December 31, 2005 - US\$5,536,250). As at December 31, 2006, there were no 2003 Purchase Warrants remaining to be exercised.

ii) 2005 Purchase Warrants

As at December 31, 2006, all of the 2005 Purchase Warrants remained outstanding, which if exercised, would result in the issuance of 2,126,200 common shares for gross proceeds of US\$19,135,800.

iii) Compensation Option Warrants

As at December 31, 2006, none of the 97,572 Compensation Option Warrants have been issued as a result of the Compensation Options not being exercised. If the Compensation Options are exercised and the Compensation Option Warrants issued, if exercised, would result in gross proceeds of US\$878,148.

e) Options

i) Stock Options

During the year ended December 31, 2006, 2,468,500 (December 31, 2005 - 739,000) options were exercised at various prices between US\$1.01 and US\$1.50 for gross proceeds of US\$2,709,180 (December 31, 2005 - US\$1,005,386) and notes receivable for US\$249,710 (see note 6f).

ii) Compensation Options

As at December 31, 2006, none of the 195,144 Compensation Options were exercised. If fully exercised, the Compensation Options would result in gross proceeds of US\$1,268,436.

f) Weighted-average number of shares

For purposes of the determination of net loss per share, the basic and diluted weighted-average number of shares outstanding for the year ended December 31, 2006 was 59,763,629 (December 31, 2005 - 53,058,660 and December 31, 2004 - 41,671,136). The numbers exclude the 5,000,000 shares currently held in escrow (see note 7).

6. 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 December 31, 2006, the Company had 3,650,697 (December 31, 2005 - 1,875,697) common shares remaining for issuance 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.

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At the annual stockholder meeting held on June 14, 2006, shareholder approval was obtained to amend the Plan to increase the shares reserved for grant of options from 8,000,000 to 12,000,000.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
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6. Stock Options (continued)

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 difference periods, the Company recognized compensation costs on a straight-line basis over the vesting periods for each separate vested tranche.

The following table summarized stock-based compensation for employees and non-employee consultants.

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception Aug 21, 2002 to Dec 31, 2006 US \$ |
|--|--|--|--|---|
| | Restated note 6c | Restated note 6c | Restated note 6c | Restated note 6c |
| Stock based compensation | | | | |
| Consolidated Statements of Operations | | | | |
| General and administrative | 1,048,477 | -- | -- | 1,048,477 |
| Consulting fees | 539,812 | 2,681,680 | 304,002 | 3,566,176 |
| | 1,588,289 | 2,681,680 | 304,002 | 4,614,653 |
| Consolidated Balance Sheets | | | | |
| Oil and gas interests | 1,424,225 | 1,672,576 | 46,253 | 3,165,285 |
| | 3,012,514 | 4,354,256 | 350,255 | 7,779,938 |

Prior to the adoption of FAS 123(R), the Company used the intrinsic value method of accounting for employee and director stock-based compensation. As all options have been granted at exercise prices based on the market value of the Company's common shares at the date of grant, no compensation cost was recognized under the intrinsic value based method of accounting. For the years ended December 31, 2005, 2004 and the period from inception August 21, 2002 to December 31, 2005, had employee compensation expense been determined based on the fair value at the grant date consistent with FAS123(R) pro-forma oil and gas interests, net loss and pro-forma net loss per share would have been as follows:

| | Year ended Dec 31, 2005 | Year ended Dec 31, 2004 | Period from Inception, Aug 21, 2002 to Dec 31, 2005 |
|---------------------------------|-------------------------------|-------------------------------|--|
| | Restated note 6c | Restated note 6c | Restated note 6c |
| Pro-forma basis | | | |
| Stock-based compensation | | | |

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| | | | |
|--|-------------|-------------|-------------|
| Oil and gas interests | 337,113 | 56,654 | 438,309 |
| General and administrative | 458,766 | 132,767 | 679,882 |
| Oil and gas interests | | | |
| As reported | 3,957,723 | 707,023 | 3,957,723 |
| Pro-forma | 4,396,032 | 808,219 | 4,396,032 |
| Net loss | | | |
| As reported | (3,162,660) | (1,171,498) | (4,866,348) |
| Pro-forma | (3,621,426) | (1,304,265) | (5,546,230) |
| Net loss per share - basic and diluted | | | |
| As reported | (0.06) | (0.03) | |
| Pro-forma | (0.07) | (0.03) | |

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

6. Stock Options (continued)

| | Year ended Dec 31, 2006 | Year ended Dec 31, 2005 | Year ended Dec 31, 2004 |
|-------------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Restated note 6c | Restated note 6c | |
| Black-Scholes Assumptions | | | |
| Fair value of stock options granted | \$1.52 | \$1.06 | -- |
| Risk-free interest rate | 4.13% | 2.75% | -- |
| Volatility | 70% | 102% | -- |
| Weighted average expected life | 1.6 years | 1.8 years | -- |
| Dividend yield | 0% | 0% | -- |

i) At January 1, 2006, the impact of the adoption of FAS123(R) required the Company to recognize a charge for past stock-based compensation options granted of US\$367,596 over the next 3 years in accordance with their respective vesting periods. In the year ended December 31, 2006, US\$211,128 of this charge was recognized in the Consolidated Statements of Operations as general and administrative expense. This resulted in an increase in the net loss and comprehensive loss for the period in the same amount and no impact on the net loss per share – basic and diluted for the period. In the year ended December 31, 2006, US\$89,900 of this charge was recognized in the Consolidated Balance Sheets as Oil and gas interests, not subject to depletion.

ii) 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. There was no impact on cash flows during years ended December 31, 2006 and 2005.

GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
December 31, 2006

6. Stock Options (continued)

c) Restatement

The years ended December 31, 2006, 2005, 2004 and the period from inception August 21, 2002 to December 31, 2006 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 Company's Consolidated Balance Sheets and Statements of Stockholders' Equity at December 31, 2006 and 2005 and 2004 and the Consolidated Statements of Operations for the years ended December 31, 2006 and 2005 and 2004 and the period from inception of August 21, 2002 to December 31, 2006.

| | As Reported | Adjustment | As Restated | |
|--|---------------------------------------|---------------------------------------|--|---------------------------------------|
| | Dec 31, 2006 US\$ | Dec 31, 2006 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2005 US\$ | Dec 31, 2006 US\$ |
| Balance Sheets | | | | |
| Oil and gas interests | 9,722,738 | 657,536 | 1,741,060 | 12,121,334 |
| Additional paid-in capital | 47,077,827 | 1,055,649 | 4,767,424 | 52,900,900 |
| Deficit accumulated | (2,990,674) | (398,113) | (3,026,364) | (6,415,151) |
| Stockholders' equity | 44,138,770 | 657,536 | 1,741,060 | 46,537,366 |
| Statement of Stockholders' Equity | | | | |
| Additional paid-in capital | 47,077,827 | 1,055,649 | 4,767,424 | 52,900,900 |
| Accumulated deficit | (2,990,674) | (398,113) | (3,026,364) | (6,415,151) |
| Stockholders' equity | 44,138,770 | 657,536 | 1,741,060 | 46,537,366 |
| Statements of Operations | | | | |
| | As Reported | Adjustment | As Restated | |
| | Year ended Dec 31, 2006 US\$ | Year ended Dec 31, 2006 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2006 US\$ | Year ended Dec 31, 2006 US\$ |
| Statements of Operations | | | | |

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| | | | | | | |
|--|-------------|-------------|-----------|-------------|-------------|-------------|
| General and administrative | 1,406,000 | 2,510,716 | 484,926 | 484,926 | 1,890,926 | 2,995,642 |
| Consulting fees | 1,190,919 | 1,864,251 | (86,813) | 2,939,551 | 1,104,106 | 4,803,802 |
| Net loss and comprehensive loss | (1,150,690) | (2,990,674) | (398,113) | (3,424,477) | (1,548,803) | (6,415,151) |
| Net loss per share - basic and diluted | (0.02) | | (0.01) | | (0.03) | |

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

6. Stock Options (continued)

| | As Reported | | Adjustment | | As Restated | |
|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|
| | Dec 31, 2005 US\$ | | Dec 31, 2005 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2004 US\$ | Dec 31, 2005 US\$ | |
| Balance Sheets | | | | | | |
| Oil and gas interests | 2,216,663 | | 1,672,576 | 68,484 | 3,957,723 | |
| Additional paid-in capital | 40,275,588 | | 4,354,256 | 413,168 | 45,043,012 | |
| Deficit accumulated | (1,839,984) | | (2,681,680) | (344,684) | (4,866,348) | |
| Stockholders' equity | 38,483,965 | | 1,672,576 | 68,484 | 40,225,025 | |
| Statement of Stockholders' Equity | | | | | | |
| Additional paid-in capital | 40,275,588 | | 4,354,256 | 413,168 | 45,043,012 | |
| Accumulated deficit | (1,839,984) | | (2,681,680) | (344,684) | (4,866,348) | |
| Stockholders' equity | 38,483,965 | | 1,672,576 | 68,484 | 40,225,025 | |
| Statements of Operations | | | | | | |
| | As Reported | | Adjustment | | As Restated | |
| | Year ended Dec 31, 2005 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2005 US\$ | Year ended Dec 31, 2005 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2005 US\$ | Year ended Dec 31, 2005 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2005 US\$ |
| Consulting fees | 265,446 | 673,332 | 2,681,680 | 3,026,364 | 2,947,126 | 3,699,696 |
| Net loss and comprehensive loss | (480,980) | (1,839,984) | (2,681,680) | (3,026,364) | (3,162,660) | (4,866,348) |
| Net loss per share - basic and diluted | (0.01) | | (0.05) | | (0.06) | |

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

6. Stock Options (continued)

| | As Reported | | Adjustment | | As Restated | |
|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|--|
| | Dec 31, 2004 US\$ | | Dec 31, 2004 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2003 US\$ | Dec 31, 2004 US\$ | |
| Balance Sheets | | | | | | |
| Oil and gas interests | 638,539 | | 46,253 | 22,231 | 707,023 | |
| Additional paid-in capital | 6,831,434 | | 350,255 | 62,913 | 7,244,602 | |
| Deficit accumulated | (1,359,004) | | (304,002) | (40,682) | (1,703,688) | |
| Stockholders' equity | 5,513,045 | | 46,253 | 22,231 | 5,581,529 | |
| Statement of Stockholders' Equity | | | | | | |
| Additional paid-in capital | 6,831,434 | | 350,255 | 62,913 | 7,244,602 | |
| Accumulated deficit | (1,359,004) | | (304,002) | (40,682) | (1,703,688) | |
| Stockholders' equity | 5,513,045 | | 46,253 | 22,231 | 5,581,529 | |
| Statements of Operations | | | | | | |
| | As Reported | | Adjustment | | As Restated | |
| | Year ended Dec 31, 2004 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2004 US\$ | Year ended Dec 31, 2004 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2004 US\$ | Year ended Dec 31, 2004 US\$ | Period of Inception, Aug 21, 2002 to Dec 31, 2004 US\$ |
| Consulting fees | 237,615 | 407,886 | 304,002 | 344,684 | 541,617 | 752,570 |
| Net loss and comprehensive loss | (867,496) | (1,359,004) | (304,002) | (344,684) | (1,171,498) | (1,703,688) |
| Net loss per share - basic and diluted | (0.02) | | (0.01) | | (0.03) | |

The restatement had no impact on the Consolidated Statements of Cash Flows for the year ended December 31, 2006 and from inception of August 21, 2002 to December 31, 2006 and therefore, no changes have been reflected.

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GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
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6. Stock Options (continued)

d) Black-Scholes Assumptions

The Company believes that the estimated fair value of the stock options is more readily measurable than the fair value of services rendered. The fair value of the stock options granted to non-employees is calculated at each reporting date using the Black-Scholes option-pricing model. Weighted average assumptions used in the valuation are disclosed in the following table:

| | Year ended Dec 31, 2006 Restated note 6c | Year ended Dec 31, 2005 Restated note 6c | Year ended Dec 31, 2004 Restated note 6c |
|---|---|---|---|
| Fair value of stock options at reporting date | US\$4.15 | US\$4.52 | US\$0.73 |
| Risk-free interest rate | 4.89% | 3.33% | 1.67% |
| Volatility | 86% | 103% | 98% |
| Expected life | 0.9 years | 0.5 years | 0.5 years |
| Dividend yield | 0% | 0% | 0% |

e) Stock option table

These options were granted for services provided to the Company:

| Option Grant date (mm/dd/yy) | Fair Value at Original Grant price US \$ | Fair Value at Original Grant Date US\$(mm/dd/yy) | Expiry date (mm/dd/yy) | Vesting date (mm/dd/yy) | Balance Dec 31/05 # | Cancelled (c) | | Balance | |
|---------------------------------------|--|--|------------------------------|-------------------------------|------------------------------|------------------------------------|---|--|---|
| | | | | | | Granted during the year # | Expired (x) during the year # | Balance exercised (e) Dec 31/06 # | Balance exercisable Dec 31/06 # |
| 12/09/03 | 1.18 | .241 | 08/31/06 | Vested | 1,751,500 | -- | 1,721,500 (e) | -- | -- |
| | | | | | | | 30,000 (x) | -- | -- |
| 12/30/03 | 1.50 | .317 | 08/31/06 | Vested | 345,000 | -- | 345,000 (e) | -- | -- |
| 01/17/05 | 1.01 | .380 | (i) 06/30/07 | Vested | 579,500 | -- | 377,000 (e) | 202,500 | 202,500 |
| 01/17/05 | 1.01 | .380 | (i) 06/30/07 | 05/31/07 | 150,000 | -- | -- | 150,000 | -- |
| 01/18/05 | 1.10 | .622 | 08/31/08 | Vested | 600,000 | -- | -- | 600,000 | 600,000 |
| 01/25/05 | 1.17 | .434 | 08/31/06 | Vested | 25,000 | -- | 25,000 (e) | -- | -- |
| 06/14/05 | 3.49 | 1.553 | 06/14/15 | Vested | 150,000 | -- | -- | 150,000 | 150,000 |
| 08/24/05 | 6.50 | 2.380 | 08/24/08 | Vested | 110,000 | -- | -- | 110,000 | 110,000 |
| 10/03/05 | 6.81 | 3.070 | 10/03/15 | Vested | 16,666 | -- | - | 16,666 | 16,666 |

Explanation of Responses:

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| | | | | | | | | | |
|----------|------|-------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| 10/03/05 | 6.81 | 3.833 | 10/03/15 | 10/03/07 | 16,667 | -- | -- | 16,667 | -- |
| 10/03/05 | 6.81 | 4.383 | 10/03/15 | 10/03/08 | 16,667 | -- | -- | 16,667 | -- |
| 06/14/06 | 5.09 | 2.057 | 06/14/16 | 06/14/07 | -- | 200,000 | -- | 200,000 | -- |
| 07/25/06 | 3.95 | 1.141 | 12/31/09 | Vested | -- | 100,000 | -- | 100,000 | 100,000 |
| 07/25/06 | 3.95 | 1.393 | 12/31/09 | 07/25/07 | -- | 660,000 | -- | 660,000 | -- |
| 07/25/06 | 3.95 | 1.601 | 12/31/09 | 12/31/07 | -- | 50,000 | -- | 50,000 | -- |
| 07/25/06 | 3.95 | 1.779 | 12/31/09 | 07/25/08 | -- | 145,000 | -- | 145,000 | -- |
| 07/25/06 | 3.95 | 2.006 | 12/31/09 | 07/25/09 | -- | 70,000 | -- | 70,000 | -- |
| 07/25/06 | 3.95 | 1.141 | 07/25/16 | Vested | -- | 500,000 | -- | 500,000 | 500,000 |
| 07/25/06 | 3.95 | 1.141 | 07/25/16 | 07/25/07 | -- | 500,000 | -- | 500,000 | -- |
| 11/24/06 | 7.52 | 2.467 | 11/24/09 | 06/30/07 | -- | 10,000 | -- | 10,000 | -- |
| 11/24/06 | 7.52 | 2.919 | 11/24/09 | 12/31/07 | -- | 10,000 | -- | 10,000 | -- |
| 11/24/06 | 7.52 | 3.695 | 11/24/09 | 12/31/08 | -- | 10,000 | -- | 10,000 | -- |
| | | | | | 3,761,000 | 2,255,000 | 2,498,500 | 3,517,500 | 1,679,166 |

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GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
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6. Stock Options (continued)

- i) On August 30, 2006, the Board of Directors of the Company passed a resolution with respect to the remaining stock options issued on January 17, 2005 to (a) extend the expiry date of all then outstanding options from August 31, 2006 to the earlier of June 30, 2007 or 60 days following the date of a "Commercial Discovery" as defined under the terms of the PSC on Block KG-OSN-2001/3 and (b) to extend the vesting date of certain of these options to the earlier of the date of a "Commercial Discovery" as defined under the terms of the PSC on Block KG-OSN-2001/3 or May 31, 2007, as long as drilling operations are continuing on the KG Offshore Block. This resolution resulted in an added incremental stock-based compensation cost of \$9,040 with respect to the three employees and three consultants.
- ii) During the year ended December 31, 2006, the Company granted options to purchase 2,255,000 shares exercisable at various prices and expiry dates, which vest in their entirety on the vesting date.
- iii) As at December 31, 2006, there were 3,517,500 options outstanding at various prices which, if exercised, would result in total proceeds of US\$11,837,375.
- iv) Of the 2,498,500 options exercised or expired during the year, 195,000, 415,000, 1,853,500 and 5,000 were exercised during the three months ending March 31, June 30, September 30 and December 31, respectively for gross cash proceeds of US\$206,050, US\$548,100, US\$1,949,980 and US\$5,050 respectively, and the remaining 30,000 expired during the three months ended September 30, 2006.
- v) At the annual stockholder meeting held on June 14, 2006, the stockholders of the Company approved amendments to the Plan to increase the shares of Common Stock reserved for issuance under the Plan from 8,000,000 shares to 12,000,000.

f) Notes receivable

Pursuant to the terms of the Company's 1998 Stock Incentive Plan, during the third quarter of 2006, certain employees and consultants to the Company exercised 184,500 options to purchase shares of common stock of the Company and delivered to the Company their promissory notes in the aggregate principal amount of US\$249,710 in payment of the exercise price. The promissory notes were due December 31, 2006 and bore interest at 8.25% per annum. All promissory notes were repaid on or before December 31, 2006.

7. Acquisition

On August 29, 2003, pursuant to an agreement dated April 4, 2003 and amended 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 on August 29, 2003 and an aggregate of 19.5 million shares were held in escrow by an escrow agent. The terms of the escrow provide for the release of the shares upon the occurrence of certain developments relating to the outcome of oil and natural gas exploration and development activities conducted on the KG Offshore

Block. On August 27, 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 remaining in escrow will be released only if a commercial discovery as defined under the PSC is declared on the KG Offshore Block. In addition to the shares of Common Stock, the Company delivered to Mr. Roy a US\$2.0 million promissory note, of which US\$500,000 was paid on the closing of the transaction on August 29, 2003, US\$500,000 was paid on October 15, 2003, US\$500,000 was paid on January 15, 2004 and US\$500,000 was paid on June 30, 2004. The note did not accrue interest. The note was secured by the

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GeoGlobal Resources Inc.
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outstanding stock of GeoGlobal India which has subsequently been released. As a consequence of the transaction, Mr. Roy held as of the closing of the transaction an aggregate of 34.0 million shares of our outstanding Common Stock, or approximately 69.3% of the shares outstanding, assuming all shares held in escrow are released to him. The terms of the transaction provide that Mr. Roy has the right to vote all 34.0 million shares following the closing, including the shares during the period they are held in escrow. Shares not released from the escrow will be surrendered back to GeoGlobal.

As discussed in note 1, the acquisition of GeoGlobal India by GeoGlobal was accounted for as a reverse takeover transaction. As a result, the cost of the transaction was determined based upon the net assets of GeoGlobal deemed to have been acquired. These consolidated financial statements include the results of operations of GeoGlobal from the date of acquisition. The net identifiable assets acquired of GeoGlobal were as follows:

| | US \$ |
|---|-----------|
| Net assets acquired | |
| Cash | 3,034,666 |
| Other current assets | 75,000 |
| Current liabilities | (2,706) |
| Net book value of identifiable assets acquired | 3,106,960 |
| Consideration paid | |
| Promissory note issued | 2,000,000 |
| 34,000,000 common shares issued par value \$0.001 | 34,000 |
| Additional paid-in capital | 1,072,960 |
| | 3,106,960 |

8. 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.

a) Note payable

On August 29, 2003, as part of the Acquisition (note 7), a US\$2,000,000 promissory note was issued to the sole shareholder of GeoGlobal India. On each of August 29, 2003, October 15, 2003, January 15, 2004 and June 30, 2004, US\$500,000 of the note was repaid. The promissory note was non-interest bearing and the capital stock of GeoGlobal India collateralized the repayment of the note. The collateral has been released.

b) Roy Group (Mauritius) Inc.

Roy Group (Mauritius) Inc. is related to the Company by common management and is controlled by a director of the Company who is also a principal shareholder of the Company. On March 27, 2003, the Company entered into a Participating Interest Agreement (note 4d) with the related party.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

8. Related Party Transactions (continued)

c) Roy Group (Barbados) Inc. ("Roy Group")

Roy Group is related to the Company by common management and is controlled by a 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 ("TSA") 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. On January 31, 2006, the terms of the agreement were amended to extend the term of the agreement from August 31, 2006 to December 31, 2007. Roy Group receives consideration of US\$350,000 per year, as outlined and recorded below:

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception, Aug 21, 2002 to Dec 31, 2006 US\$ |
|---|--|--|--|---|
| Consolidated Statement of Operations | | | | |
| Consulting fees | 70,000 | 62,000 | 50,000 | 198,667 |
| Consolidated Balance Sheets | | | | |
| Oil & gas interests | | | | |
| Exploration costs - India (note 4b) | 280,000 | 248,000 | 200,000 | 794,666 |
| | 350,000 | 310,000 | 250,000 | 993,333 |

During the year, the Company recognized compensation cost for stock-based compensation arrangements with the principal of Roy Group as outlined and recorded below:

| | | | | |
|---|---------|----|----|---------|
| Consolidated Statement of Operations | | | | |
| Consulting fees | 80,821 | -- | -- | 80,821 |
| Consolidated Balance Sheets | | | | |
| Oil & gas interests | | | | |
| Exploration costs - India (note 4b) | 323,283 | -- | -- | 323,283 |
| | 404,104 | -- | -- | 404,104 |

Roy Group was also reimbursed on a cost recovery basis, for medical insurance and expenses; travel, hotel, meals and entertainment expenses; computer costs; and amounts billed by third parties incurred during the periods as outlined and recorded below:

| | | | | |
|---|--------|--------|--------|---------|
| Consolidated Statement of Operations | | | | |
| General and administrative | 47,820 | 45,430 | 19,640 | 153,539 |
| Consolidated Balance Sheets | | | | |
| Accounts receivable | 227 | 1,020 | 20,350 | 21,597 |
| Oil & gas interests | | | | |

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| | | | | |
|-------------------------------------|---------|---------|---------|---------|
| Exploration costs - India (note 4b) | 86,590 | 127,295 | 87,165 | 384,387 |
| Property and equipment | -- | 1,610 | 8,064 | 37,595 |
| | 134,637 | 175,355 | 135,219 | 597,118 |

At December 31, 2006, the Company owed Roy Group (Barbados) Inc. US\$29,976 (December 31, 2005 - US\$169,181) for services provided and expenses incurred on behalf of the Company and pursuant to the TSA. These amounts bear no interest and have no set terms of repayment.

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GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
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8. Related Party Transactions (continued)

d) D.I. Investments Ltd. ("D.I.")

D.I. is related to the Company by common management and is controlled by a director of the Company. DI charged consulting fees for management, financial and accounting services rendered, as outlined and recorded below:

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception, Aug 21, 2002 to Dec 31, 2006 US\$ |
|---|--|--|--|---|
| Consolidated Statement of Operations | | | | |
| Consulting fees | 185,000 | 150,000 | 120,000 | 516,715 |

During the year, the Company recognized compensation cost for stock-based compensation arrangements with the principal of the related party as outlined and recorded below:

| | | | | |
|---|---------|----|----|---------|
| Consolidated Statement of Operations | | | | |
| Consulting fees | 404,104 | -- | -- | 404,104 |

DI was also reimbursed on a cost recovery basis, for office costs, including rent, parking, office supplies and telephone as well as travel, hotel, meals and entertainment expenses incurred during the periods as outlined and recorded below:

| | | | | |
|---|--------|--------|--------|---------|
| Consolidated Statement of Operations | | | | |
| General and administrative | | | | |
| Office costs | 19,935 | 54,062 | 65,073 | 179,070 |
| Travel, hotel, meals and entertainment | 1,176 | 5,121 | 3,344 | 48,686 |
| Consolidated Balance Sheets | | | | |
| Accounts receivable | 13,224 | 14,165 | -- | 27,389 |
| Property and equipment | 4,107 | -- | -- | 4,107 |
| | 38,442 | 73,348 | 68,417 | 259,252 |

At December 31, 2006, the Company owed D.I. US\$nil (December 31, 2005 - US\$70,309) 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.

GeoGlobal Resources Inc.
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8. Related Party Transactions (continued)

e) Amicus Services Inc. ("Amicus")

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

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception, Aug 21, 2002 to Dec 31, 2006 US\$ |
|---|--|--|--|---|
| Consolidated Statement of Operations | | | | |
| Consulting fees | 56,257 | 35,713 | 33,921 | 140,360 |

Amicus was also reimbursed on a cost recovery basis, for office costs, including parking, office supplies and telephone as well as travel and hotel expenses incurred during the periods as outlined and recorded below:

| Consolidated Statement of Operations | | | | |
|---|-------|-------|-------|--------|
| General and administrative | 1,654 | 685 | 1,961 | 4,468 |
| Consolidated Balance Sheets | | | | |
| Accounts receivable | 3,725 | 2,530 | 967 | 10,274 |
| Property and equipment | -- | -- | 1,599 | 1,599 |
| | 5,379 | 3,215 | 4,527 | 16,341 |

At December 31, 2006, the Company owed Amicus Services Inc. US\$3,629 (December 31, 2005 - US\$4,962) 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.

9. Income Taxes

a) Income tax expense

The provision for income taxes in the consolidated financial statements differs from the result which would have been obtained by applying the combined Federal, State and Provincial tax rates to the loss before income taxes. This difference results from the following items:

| | Year ended Dec 31, 2006 US \$ | Year ended Dec 31, 2005 US \$ | Year ended Dec 31, 2004 US \$ | Period from Inception, Aug 21, 2002 to Dec 31, 2006 US\$ |
|--|--|--|--|--|
| | Restated | Restated | Restated | Restated |

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| | note 5c | note 5c | note 5c | note 5c |
|---|-------------|-------------|-------------|-------------|
| Net loss | (1,548,803) | (3,162,660) | (1,171,498) | (6,415,151) |
| Expected tax rate | 35.00% | 35.00% | 35.00% | |
| Expected income tax recovery | (542,081) | (1,106,931) | (410,024) | (2,246,286) |
| Excess of expected tax rate over tax rate of foreign affiliates | 90,323 | 55,912 | 54,623 | 227,622 |
| Non-deductible expenditures | 605,618 | 965,779 | 122,589 | 1,716,006 |
| Utilization of non-capital losses | (112,501) | -- | -- | (112,501) |
| Acquisition of losses | -- | -- | -- | 4,355,268 |
| Other | (175,173) | 165,772 | 298,110 | 614,520 |
| | (133,814) | 80,532 | 65,298 | 4,554,629 |
| Valuation allowance | 133,814 | (80,532) | (65,298) | (4,554,629) |
| Provision for income taxes | -- | -- | -- | -- |

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

9. Income Taxes (continued)

b) Deferred income taxes

The Company has not recognized the deferred income tax asset because the benefit is not more likely than not to be realized. The components of the net deferred income tax asset consist of the following temporary differences:

| | Dec 31, 2006 US \$ | Dec 31, 2005 US \$ |
|--|--------------------------|--------------------------|
| Difference between tax base and reported amounts of depreciable assets | 25,873 | 25,871 |
| Non-capital loss carry forwards | 2,525,363 | 2,645,060 |
| | 2,551,236 | 2,670,931 |
| Valuation allowance | (2,551,236) | (2,670,931) |
| Deferred income tax asset | -- | -- |

c) Loss carry forwards

At December 31, 2006, the Company has US\$7,820,966 of available loss carry forwards to reduce taxable income for income tax purposes in the various jurisdictions as outlined below which have not been reflected in these consolidated financial statements.

| Tax Jurisdiction | Amount US \$ | Expiry Dates Commence |
|------------------|-----------------|--------------------------|
| United States | 7,168,590 | 2023 |
| Canada | 152 | 2010 |
| Barbados | 652,224 | 2012 |
| | 7,820,966 | |

10. Segmented Information

The Company's petroleum and natural gas exploration activities are conducted in India. Management of the Company considers the operations of the Company as one operating segment. The following information relates to the Company's geographic areas of operation.

| | Dec 31, 2006 US \$ | Dec 31, 2005 US \$ |
|---------------------|--------------------------|--------------------------|
| Oil & gas interests | | |
| India | 12,121,334 | 3,957,723 |

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
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11. Commitments, Contingencies and Guarantees

a) Restricted cash

i) The PSC's contain provisions whereby the joint venture participants must provide the GOI 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 GOI and serve as guarantees for the performance of such minimum work program and are in the form of irrevocable letters of credit which are secured by restricted cash term deposits of the Company in the same amount.

The restricted cash term deposits securing these bank guarantees are as follows:

| | December 31, 2006 | December 31, 2005 |
|--------------------------|----------------------|----------------------|
| | US \$ | US \$ |
| Exploration Block | | |
| Mehsana | 711,445 | 195,055 |
| Sanand/Miroli | 905,000 | 197,430 |
| Ankleshwar | 600,000 | -- |
| Tarapur | 1,200,000 | -- |
| DS | 110,000 | -- |
| | 3,526,445 | 392,485 |

ii) The Company has provided to its bankers as security for credit cards issued to employees for business purposes two restricted cash term deposits, one in the amount of US\$30,000 and the other in the amount of US\$34,324 (Cdn\$40,000).

b) Production Sharing Contracts

The Company is required to expend funds on the exploration activities to fulfill the terms of the minimum work commitment based on our participating interest for Phase I pursuant to the PSC's in respect of each of our exploration blocks as follows:

i) Mehsana Block - Acquire, process and interpret 75 sq kms of 3D seismic and drill 7 exploratory wells between 1,000 and 2,200 meters.

ii) Sanand/Miroli Block - Acquire, process and interpret 200 sq kms of 3D seismic and drill 12 exploratory wells between 1,500 and 3,000 meters.

iii) Ankleshwar Block - Acquire, process and interpret 448 sq kms of 3D seismic and drill 14 exploratory wells between 1,500 and 2,500 meters.

iv) DS 03 Block - Gravity and geochemical surveys and a 12,000 LKM aero magnetic survey.

Under the terms of all the PSC's, the Company is required to keep in force a financial and performance guarantee.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

11. Commitments, Contingencies and Guarantees (continued)

c) KG Offshore Block

The first phase of the exploration period relating to the PSC for the KG Offshore Block has expired, as extended on August 29, 2005 through March 11, 2006, without the required minimum of at least fourteen wells being drilled during the first phase. On February 24, 2006, the management committee for the KG Offshore Block recommended a further extension of the first phase of twelve months to March 11, 2007. On February 9 2007 the parties to the PSC, through GSPC as operator, gave notice under Article 3 of the PSC to the Directorate General of Hydrocarbons, a body under the Ministry of Petroleum & Natural Gas ("DGH") and to the GOI to proceed to the next exploration phase (Phase II) upon completion of Phase I which was expiring on March 11, 2007. It was also requested to not relinquish any of the contract area at the end of Phase I. On March 12, 2007 DGH issued its approval to enter into Phase II of the exploration program with an effective date of March 12, 2007 subject to the following conditions: (1) Any decision by the GOI on the substitution of the Work Program of Phase I will be binding on the contractor; and (2) Any decision by the GOI on relinquishment of the 25% of Original Contract Area (ie. 462 sq. kms.) as per Article 4.1 of the PSC would be binding on the contractor. The extension of the first phase for the 18 months to March 11, 2007 would be deducted from the next succeeding exploration phase. As such the second phase would have a term of one year and expire March 11, 2008. As at March 23, 2007, five exploratory wells have been drilled and one exploratory well, the KG#16 well, is currently being drilled on the exploration block leaving eight exploration wells to be drilled. A seventh well, the KG#28 is also being drilled on the exploration block, but currently as an appraisal well and not as an exploration well. Approval of entering into the second phase of exploration under the PSC from the GOI is currently outstanding. Unless this approval is granted, the Company may be liable for consequences of non-fulfillment of the minimum work commitment in a given time frame under the PSC. The PSC has provisions for termination of the PSC on account of various reasons specified therein including material breach of the contract. Termination rights can be exercised after giving ninety days written notice. This failure to timely complete the minimum work commitment, though there is no precedence, may be deemed by the GOI to be a failure to comply with the provisions of the contract in a material particular. The Company has been advised by GSPC, the operator, that it is unaware of any precedent for such an occurrence.

The termination of the PSC by the GOI would result in the loss of the Company's interest in the KG Offshore Block other than areas determined to encompass "commercial discoveries". The PSC sets forth procedures whereby the operator can obtain the review of the management committee under the PSC as to whether a discovery on the exploration block should be declared a commercial discovery under the PSC. Those procedures have not been completed at present with respect to the discovery on the KG Offshore Block and, accordingly, as of March 23, 2007, no areas on the KG Offshore Block have been determined formally to encompass "commercial discoveries" as that term is defined under the PSC.

In the event the PSC is terminated by the GOI, or in the event the work program is not fulfilled by the end of the relevant exploration phase, each party to the PSC is to pay to the GOI its participating interest share of an amount which is equal to the amount that would be required to complete the minimum work program for that phase.

Certain exploration costs related to the KG Offshore Block are incurred solely by and on behalf of the Company in providing its services under the CIA and are therefore not reimbursable under the CIA. As such, these costs have been capitalized in the Company's accounts under Oil and gas interests and at December 31, 2006 amount to US\$3,111,676.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

11. Commitments, Contingencies and Guarantees (continued)

d) Tarapur Block

As the holder of a participating interest in the Tarapur Block, the Company is required to fund its 20% share of all exploration and development costs incurred on the exploration block. To December 31, 2006, US\$3,972,765 has been incurred under the terms of the Company's agreement with GSPC. Of this amount, US\$3,017,646 has been paid to GSPC and US\$955,119 is in accounts payable at December 31, 2006. The Company has budgeted to expend approximately US\$2.7 million for exploration activities under the terms of the agreement over the period April 1, 2007 to November 22, 2007. These activities include the drilling of 3 exploration wells and the acquisition of 90 sq kms of 3-D seismic. Under the terms of the agreement, the Company is required to keep in force a financial and performance guarantee securing its performance under the Tarapur PSC.

e) Corporate Head Office

Our corporate head office is located at Suite #310, 605 – 1 Street SW, Calgary, Alberta, T2P 3S9 Canada. These premises are leased for a term of one year ending April 30, 2007 at an annual rental of \$56,261 for base rent and operating costs. These premises include approximately 2,927 square feet which we consider adequate for our present activities. We are currently in negotiations to renew this lease at market prices for a further two year term to April 30, 2009.

12. Comparative Figures

a) As the Company is in its development stage, these figures represent the accumulated amounts of the continuing entity for the period from inception, being August 21, 2002 to December 31, 2006.

b) Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

13. Subsequent Event

a) NELP-VI Blocks

On March 2, 2007, the Company along with its joint venture partners executed PSC's with the GOI covering four new exploration blocks awarded under the sixth round of the New Exploration Licensing Policy (NELP-VI).

The Company is required to fund its participating interest for Phase I exploration and development costs incurred in fulfilling the minimum work commitments under these PSC's as outlined below. The Company's share of these costs is estimated to total approximately US\$28.0 million for all four blocks over the four years of Phase I.

i) Exploration Block KG-ONN-2004/1 (KG Onshore Block) - Reprocess 564 LKM of 2-D seismic; conduct a gravity and magnetic and geochemical survey; acquire, process and interpret 548 sq kms of 3-D seismic; and drill 12 exploratory wells between 2,000 and 5,000 meters.

ii) Exploration Block RJ-ONN-2004/2 (RJ Block 20) - Reprocess 463 LKM of 2-D seismic; conduct a gravity and magnetic and geochemical survey; acquire, process and interpret 250 LKM of 2-D seismic and 700 sq kms of 3-D seismic; and drill a total of 12 exploratory wells between 2,000 and 2,500 meters.

iii) Exploration Block RJ-ONN-2004/3 (RJ Block 21) - Reprocess 463 LKM of 2-D seismic; conduct a gravity and magnetic and geochemical survey; acquire, process and interpret 310 LKM of 2-D seismic and 611 sq kms of 3-D seismic; and drill a total of 8 exploratory wells between 2,000 and 2,500 meters.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

iv) Exploration Block DS-ONN-2004/1 (DS 04 Block) - Gravity and magnetic and geochemical surveys; acquire, process and interpret 325 LKM of 2-D seismic; and drill 10 core holes to a depth of approximately 500 meters.

Under the terms of all the PSC's, the Company will be required to keep in force a financial and performance guarantee.

b) India office condominium

On November 21, 2006 the Company entered into a Memorandum of Understanding with Creative InfoCity Ltd of Gandhinagar, India to acquire an office condominium of approximately 11,203 sq. ft. A deposit of US\$28,090 was paid which is reflected in the financial statements in Property and Equipment (note 3). As a formal agreement has not yet been executed, the preliminary costs and resulting liability in the amount of \$365,880 is not yet reflected in these financial statements.

14. Recent Accounting Standards

a) Accounting for Uncertainty in Income Taxes

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), an interpretation of FASB Statement No. 109, "Accounting for Income Taxes". FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that the Corporation recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of deficit. The Corporation is currently evaluating the impact FIN 48 will have on its consolidated financial statements.

b) Fair Value Measurements

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" ("FAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 157 will have on its consolidated financial statements.

c) The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115", ("FAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 159 will have on its consolidated financial statements.

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GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Consolidated Financial Statements
December 31, 2006

15. Selected Quarterly Information (Unaudited)

The following represents selected quarterly financial information:

| | 3 months ended | 3 months ended | 6 months ended | 3 months ended | 9 months ended | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| | Mar 31 | June 30 | June 30 | Sept 30 | Sept 30 | Dec 31 |
| 2006 | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Interest income | 399,869 | 427,749 | 827,618 | 461,123 | 1,288,741 | 1,751,550 |
| Net earnings (loss) and comprehensive earnings (loss) | | | | | | |
| As previously reported | (31,726) | (125,873) | (157,599) | (368,527) | (526,126) | (1,150,690) |
| Adjustment | 33,713 | -- | 33,713 | (87,769) | (54,056) | (398,113) |
| As restated | 1,987 | (125,873) | (123,886) | (456,296) | (580,182) | (1,548,803) |
| Net earnings (loss) per share - basic and diluted | | | | | | |
| As previously reported | 0.00 | 0.00 | 0.00 | (0.01) | (0.01) | (0.02) |
| Adjustment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.01) |
| As restated | 0.00 | 0.00 | 0.00 | (0.01) | (0.01) | (0.03) |
| Deficit | | | | | | |
| As previously reported | (1,871,710) | | (1,997,583) | | (2,366,110) | (2,990,674) |
| Adjustment - prior years | (3,026,364) | | (3,026,364) | | (3,026,364) | (3,026,364) |
| Adjustment - current period | 33,713 | | 33,713 | | (54,056) | (398,113) |
| As restated | (4,864,361) | | (4,990,234) | | (5,446,530) | (6,415,151) |
| Oil and gas interests | | | | | | |
| As previously reported | 2,226,981 | 1,821,069 | 4,048,050 | 1,495,199 | 5,543,249 | 7,506,075 |
| Adjustment - current period | 515,776 | (78,376) | 437,400 | 37,858 | 475,258 | 657,536 |
| As restated - current period | 2,742,757 | 1,742,693 | 4,485,450 | 1,533,057 | 6,018,507 | 8,163,611 |
| Opening balance - beginning of year | 3,957,723 | | 3,957,723 | | 3,957,723 | 3,957,723 |
| As restated | 6,700,480 | | 8,443,173 | | 9,976,230 | 12,121,334 |
| Stock-based compensation | | | | | | |
| As previously reported | | | | | | |
| General and administrative | -- | -- | -- | 167,419 | 380,460 | 563,551 |
| Consulting | -- | -- | -- | 252,090 | 252,090 | 626,625 |
| Stock-based compensation | 118,808 | 94,233 | 213,041 | -- | -- | -- |
| | 118,808 | 94,233 | 213,041 | 419,509 | 632,550 | 1,190,176 |

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| | | | | | | |
|----------------------------|-----------|----------|-----------|-----------|-----------|-----------|
| Oil and gas interests | -- | 33,712 | 67,425 | 326,385 | 393,810 | 766,689 |
| | 118,808 | 127,945 | 280,466 | 745,894 | 1,026,360 | 1,956,865 |
| Adjustment | | | | | | |
| General and administrative | 85,095 | 94,233 | 179,328 | 193,970 | 373,298 | 484,926 |
| Consulting | -- | -- | -- | (106,201) | (106,201) | (86,813) |
| Stock-based compensation | (118,808) | (94,233) | (213,041) | -- | -- | -- |
| | (33,713) | -- | (33,713) | 87,769 | 267,097 | 398,113 |
| Oil and gas interests | 515,776 | (78,376) | 437,400 | 37,857 | 475,258 | 657,536 |
| | 482,063 | (78,376) | 403,687 | 125,626 | 742,355 | 1,055,649 |
| As restated | | | | | | |
| General and administrative | 85,095 | 94,233 | 179,328 | 361,389 | 753,758 | 1,048,477 |
| Consulting | -- | -- | -- | 145,889 | 145,889 | 539,812 |
| Stock-based compensation | -- | -- | -- | -- | -- | -- |
| | 85,095 | 94,233 | 179,328 | 507,278 | 899,647 | 1,588,289 |
| Oil and gas interests | 515,776 | (44,664) | 504,825 | 364,242 | 869,068 | 1,424,225 |
| | 600,871 | 49,569 | 684,153 | 871,520 | 1,768,715 | 3,012,514 |

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GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
December 31, 2006

15. Selected Quarterly Information (Unaudited) (continued)

| | 3 months ended | 3 months ended | 6 months ended | 3 months ended | 9 months ended | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| | Mar 31 | June 30 | June 30 | Sept 30 | Sept 30 | Dec 31 |
| 2005 | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Interest income | 14,677 | 19,609 | 34,286 | 77,693 | 111,979 | 462,174 |
| Net earnings (loss) and comprehensive earnings (loss) | | | | | | |
| As previously reported | (176,847) | (198,511) | (375,358) | (217,348) | (592,706) | (480,980) |
| Adjustment - current period | (78,791) | (1,187,023) | (1,265,814) | (316,583) | (1,582,397) | (2,681,680) |
| As restated | (255,638) | (1,385,534) | (1,641,172) | (533,931) | (2,175,103) | (3,162,660) |
| Net earnings (loss) per share - basic and diluted | | | | | | |
| As previously reported | 0.00 | 0.00 | (0.01) | 0.00 | (0.01) | (0.01) |
| Adjustment - current period | (0.01) | (0.03) | (0.02) | (0.01) | (0.03) | (0.05) |
| As restated | (0.01) | (0.03) | (0.03) | (0.01) | (0.04) | (0.06) |
| Deficit | | | | | | |
| As previously reported | (1,535,851) | | (1,734,362) | | (1,951,710) | (1,839,984) |
| Adjustment - prior years | (344,684) | | (344,684) | | (344,684) | (344,684) |
| Adjustment - current period | (78,791) | | (1,265,814) | | (1,582,397) | (2,681,680) |
| As restated | (1,959,326) | | (3,344,860) | | (3,878,791) | (4,866,348) |
| Oil and gas interests | | | | | | |
| As previously reported | 916,506 | 38,742 | 955,248 | 146,809 | 1,102,057 | 1,578,124 |
| Adjustment - current period | 31,153 | 744,651 | 775,804 | 200,732 | 976,536 | 1,672,576 |
| As restated - current period | 947,659 | 783,393 | 1,731,052 | 347,541 | 2,078,593 | 3,250,700 |
| Opening balance - beginning of year | 707,023 | | 707,023 | | 707,023 | 707,023 |
| As restated | 1,654,682 | | 2,438,075 | | 2,785,616 | 3,957,723 |
| Stock-based compensation | | | | | | |
| As previously reported | | | | | | |
| Consulting | -- | -- | -- | -- | -- | -- |
| Oil and gas interests | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- |
| Adjustment | | | | | | |
| Consulting | 78,791 | 1,187,023 | 1,265,814 | 316,583 | 1,582,397 | 2,681,680 |

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| | | | | | | |
|-----------------------|---------|-----------|-----------|---------|-----------|-----------|
| Oil and gas interests | 31,153 | 744,651 | 775,804 | 200,732 | 976,536 | 1,672,576 |
| | 109,944 | 1,931,674 | 2,041,618 | 517,315 | 2,558,933 | 4,354,256 |
| As restated | | | | | | |
| Consulting | 78,791 | 1,187,023 | 1,265,814 | 316,583 | 1,582,397 | 2,681,680 |
| Oil and gas interests | 31,153 | 744,651 | 775,804 | 200,732 | 976,536 | 1,672,576 |
| | 109,944 | 1,931,674 | 2,041,618 | 517,315 | 2,558,933 | 4,354,256 |

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GeoGlobal Resources Inc.
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Notes to the Consolidated Financial Statements
December 31, 2006

15. Selected Quarterly Information (Unaudited) (continued)

| | 3 months ended | 3 months ended | 6 months ended | 3 months ended | 9 months ended | Year ended |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| | Mar 31 | June 30 | June 30 | Sept 30 | Sept 30 | Dec 31 |
| 2004 | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Interest income | 5,883 | 7,092 | 12,975 | 6,386 | 19,361 | 31,591 |
| Net earnings (loss) and comprehensive earnings (loss) | | | | | | |
| As previously reported | (201,539) | (306,205) | (507,744) | (163,165) | (670,909) | (867,496) |
| Adjustment - current period | (396,065) | (240,838) | (636,903) | 111,139 | (525,764) | (304,002) |
| As restated | (597,604) | (547,043) | (1,144,647) | (52,026) | (1,196,673) | (1,171,498) |
| Net earnings (loss) per share - basic and diluted | | | | | | |
| As previously reported | (0.01) | (0.01) | (0.01) | (0.01) | (0.02) | (0.02) |
| Adjustment - current period | (0.01) | (0.01) | (0.02) | 0.01 | (0.01) | (0.01) |
| As restated | (0.02) | (0.02) | (0.03) | 0.00 | (0.03) | (0.03) |
| Deficit | | | | | | |
| As previously reported | (693,047) | | (999,252) | | (1,162,417) | (1,359,004) |
| Adjustment - prior years | (40,682) | | (40,682) | | (40,682) | (40,682) |
| Adjustment - current period | (396,065) | | (636,903) | | (525,764) | (304,002) |
| As restated | (1,129,794) | | (1,676,837) | | (1,728,863) | (1,703,688) |
| Oil and gas interests | | | | | | |
| As previously reported | 83,568 | 186,650 | 270,218 | 67,741 | 337,959 | 460,016 |
| Adjustment - current period | 59,424 | 35,918 | 95,342 | (14,789) | 80,553 | 46,253 |
| As restated - current period | 142,992 | 222,568 | 365,560 | 52,952 | 418,512 | 506,269 |
| Opening balance - beginning of year | 200,754 | | 200,754 | | 200,754 | 200,754 |
| As restated | 343,746 | | 566,314 | | 619,266 | 707,023 |
| Stock-based compensation | | | | | | |
| As previously reported | | | | | | |
| Consulting | -- | -- | -- | -- | -- | -- |
| Oil and gas interests | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- |
| Adjustment | | | | | | |
| Consulting | 396,065 | 240,838 | 636,903 | (111,139) | 525,764 | 304,002 |

Explanation of Responses:

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| | | | | | | |
|-----------------------|---------|---------|---------|-----------|---------|---------|
| Oil and gas interests | 59,424 | 35,918 | 95,342 | (14,789) | 80,553 | 46,253 |
| | 455,489 | 276,756 | 732,245 | (125,928) | 606,317 | 350,255 |
| As restated | | | | | | |
| Consulting | 396,065 | 240,838 | 636,903 | (111,139) | 525,764 | 304,002 |
| Oil and gas interests | 59,424 | 35,918 | 95,342 | (14,789) | 80,553 | 46,253 |
| | 455,489 | 276,756 | 732,245 | (125,928) | 606,317 | 350,255 |

Quarterly net earnings (loss) and comprehensive earnings (loss) and net earnings (loss) per share - basic and diluted have been restated due to an error in the classification and calculation for stock-based compensation for non-employee consultants.

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SIGNATURES

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

GeoGlobal Resources Inc.

By: /s/ Allan J. Kent
 Allan J. Kent
 Executive Vice President and CFO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

| Signature | Title | Date |
|--|---|--------------|
| /s/ Jean Paul Roy Jean Paul Roy | President, Chief Executive Officer and Director | June 3, 2008 |
| /s/ Allan J. Kent Allan J. Kent | Executive Vice President, Chief Financial Officer and Director | June 3, 2008 |
| /s/ Brent J. Peters Brent J. Peters | Director | June 3, 2008 |
| /s/ Peter R. Smith Peter R. Smith | Chairman of the Board and Director | June 3, 2008 |
| /s/ Michael J. Hudson Michael J. Hudson | Director | June 3, 2008 |
| /s/ Dr. Avinash Chandra Dr. Avinash Chandra | Director | June 3, 2008 |

