GEOGLOBAL RESOURCES INC.
Form 10-Q
November 14, 2011

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

(Mark One)

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2011;

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________.

Commission file number: 1-32158

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

Delaware	33-0464753
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Suite #200, 625 – 4 Avenue SW, Calgary, Alberta, Canada	T2P 0K2
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: +1 403-777-9250

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES þ NO o

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

YES þ NO o

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

Accelerated filer Non-accelerated filer þ

Large accelerated filer	Smaller reporting company

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

YES o NO þ

The number of shares outstanding of the registrant's common stock as of November 14, 2011 was 82,746,933

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

TABLE OF CONTENTS

TOC

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2011	December 31, 2010
Assets		
Current		
Cash and cash equivalents (note 14)	7,022,771	7,751,105
Restricted deposits (notes 4 and 14)	1,279,000	2,034,000
Accounts receivable	884,591	2,317,180
Prepaid expenses and deposits (note 14)	489,759	398,404
	9,676,121	12,500,689
Restricted deposits (note 4)	--	5,018,000
Equity investee	1,048,383	--
Property and equipment (notes 5 and 8)	47,930,498	41,375,680
	58,655,002	58,894,369
Liabilities		
Current		
Accounts payable (note 14)	11,249,910	6,834,061
Accrued liabilities	492,727	1,682,504
Due to related companies (note 8)	141,450	27,555
	11,884,087	8,544,120
Deferred income taxes	46,385	61,000
Asset retirement obligation	710,401	680,144
	12,640,873	9,285,264
Stockholders' Equity		
Capital stock		
Authorized		
200,000,000 common shares with a par value of $0.001 each		
1,000,000 preferred shares with a par value of $0.01 each		
Issued		
82,746,933 common shares (December 31, 2010 – 82,746,933)	68,155	68,155
Additional paid-in capital	97,891,585	97,099,997
Deficit accumulated during the development stage	(51,945,611)	(47,559,047)
	46,014,129	49,609,105
	58,655,002	58,894,369

See Going Concern (note 2), Commitments (note 11), Contingencies (note 12)
The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

TOC

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

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Period from Inception, August 21, 2002 to Sept 30, 2011
Revenue and other income					
Oil and gas sales	195,300	220,435	446,326	646,324	1,898,590
Interest income	7,528	9,958	27,730	39,615	5,941,464
Gain on sale of equipment	--	--	--	--	42,228
	202,828	230,393	474,056	685,939	7,882,282
Expenses					
Operating	35,528	36,374	103,758	138,731	375,933
General and administrative	825,650	862,686	3,125,269	2,459,154	16,905,181
Consulting fees (note 8)	225,258	157,861	652,612	528,657	7,964,314
Professional fees	278,690	241,808	668,223	422,207	5,461,094
Depletion and depreciation (note 5)	46,881	67,971	221,565	266,305	1,717,385
Accretion	11,239	16,045	39,369	48,135	168,479
Foreign exchange (gain) loss	20,624	(8,103)	12,970	23,903	131,138
Impairment of oil and gas properties	--	--	--	--	23,887,015
	1,443,870	1,374,642	4,823,766	3,887,092	56,610,539
Net loss before tax	(1,241,042)	(1,144,249)	(4,349,710)	(3,201,153)	(48,728,257)
Current income tax (expense) benefit	(18,259)	(23,679)	(51,469)	(30,992)	(96,969)
Deferred income tax (expense) benefit	3,837	--	14,615	(48,500)	(46,385)
Net loss and comprehensive loss	(1,255,464)	(1,167,928)	(4,386,564)	(3,280,645)	(48,871,611)
Warrant modification	--	--	--	--	(3,074,000)
Net loss and comprehensive loss attributable to common stockholders	(1,255,464)	(1,167,928)	(4,386,564)	(3,280,645)	(51,945,611)
Basic and diluted net loss per share (note 9)	(0.02)	(0.02)	(0.05)	(0.04)	

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

TOC

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

	Number of Shares #	Capital Stock $	Additional paid-in capital $	Accumulated Deficit $	Stockholders' Equity $
For the period from inception August 21, 2002 to December 31, 2008					
Common shares issued	58,150,068	58,214	76,660,911	--	76,719,125
Capital stock of GeoGlobal at August 29, 2003	14,656,688	14,657	--	10,914,545	10,929,202
Elimination of GeoGlobal capital stock in recognition of reverse takeover	(1,000)	(14,657)	--	(10,914,545)	(10,929,202)
Share issuance cost	--	--	(4,778,844)	--	(4,778,844)
2007 Compensation Options	--	--	705,456	--	705,456
2005 Stock Purchase Warrant modification	--	--	1,320,000	(1,320,000)	--
2005 Compensation Option & Warrant modification	--	--	240,000	--	240,000
Stock-based compensation	--	--	10,407,150	--	10,407,150
Net loss	--	--	--	(21,272,176)	(21,272,176)
Balance as at December 31, 2008	72,805,756	58,214	84,554,673	(22,592,176)	62,020,711
Compensation option and warrant modification	--	--	264,000	--	264,000
Stock purchase warrant modification	--	--	1,754,000	(1,754,000)	--
Stock-based compensation	--	--	1,581,105	--	1,581,105
Net loss	--	--	--	(4,424,247)	(4,424,247)
Balance as at December 31, 2009	72,805,756	58,214	88,153,778	(28,770,423)	59,441,569
Common stock issued for private placements	9,941,177	9,941	8,440,059	--	8,450,000
Share issuance costs	--	--	(463,804)	--	(463,804)
Stock-based compensation	--	--	969,964	--	969,964
Net loss	--	--	--	(18,788,624)	(18,788,624)
Balance as at December 31, 2010	82,746,933	68,155	97,099,997	(47,559,047)	49,609,105
Stock-based compensation (note 7)	--	--	791,588	--	791,588
Net loss	--	--	--	(4,386,564)	(4,386,564)
Balance as at September 30, 2011	82,746,933	68,155	97,891,585	(51,945,611)	46,014,129

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

TOC

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

	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Period from Inception, August 21, 2002 to Sept 30, 2011
Cash flows provided by (used in) operating activities:			
Net loss	(4,386,564)	(3,280,645)	(48,871,611)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accretion expense	39,369	48,135	168,479
Asset impairment	--	--	23,887,015
Depletion and depreciation	221,565	266,305	1,717,385
Gain on sale of equipment	--	--	(42,228)
Stock-based compensation (note 7)	580,915	495,022	8,129,131
Compensation option & warrant modification	--	--	504,000
Deferred income taxes (benefit) expense	(14,615)	48,500	46,385
Changes in non-cash working capital (note 13)	143,497	(648,748)	182,434
	(3,415,833)	(3,071,431)	(14,279,010)
Cash flows provided by (used in) investing activities:			
Oil and natural gas property additions	(6,556,417)	(6,578,703)	(64,649,143)
Other property and equipment additions	(18,405)	(1,585)	(1,593,729)
Proceeds on sale of equipment	--	--	82,800
Cash acquired on acquisition	--	--	3,034,666
Restricted deposits (note 4)	5,773,000	(287,000)	(2,449,000)
Investment in equity investee	(1,048,383)	--	(1,048,383)
Changes in non-cash working capital (note 13)	4,537,704	(1,006,233)	10,311,539
	2,687,499	(7,873,521)	(56,311,250)
Cash flows provided by (used in) financing activities:			
Proceeds from issuance of common stock	--	--	84,062,165
Share issuance costs	--	--	(4,537,192)
Changes in non-cash working capital (note 13)	--	--	(1,911,942)
	--	--	77,613,031
Net increase (decrease) in cash and cash equivalents	(728,334)	(10,944,952)	7,022,771
Cash and cash equivalents, beginning of the period	7,751,105	16,294,996	--
Cash and cash equivalents, end of the period	7,022,771	5,350,044	7,022,771
Cash and cash equivalents			
Current bank accounts	6,522,771	1,561,530	6,522,771
Short term deposits	500,000	3,788,514	500,000
	7,022,771	5,350,044	7,022,771
Cash taxes paid during the period	36,102	21,206	

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

TOC
GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

1. Organization and Nature of Operations

The Company is engaged in the pursuit of petroleum and natural gas through exploration and development in India, Israel and Colombia. The Company is a Delaware corporation with common stock listed and traded on the NYSE Amex under the symbol "GGR".

As of September 30, 2011, the Company has not achieved its planned principal operations from its oil and gas exploration activities which commenced on August 29, 2003. Accordingly, the Company's activities are considered to be those of a "Development Stage Enterprise". Among the disclosures required by this status is that the Company's financial statements be identified as those of a development stage enterprise. In addition, the statements of operations and comprehensive loss, stockholders' equity and cash flows are required to disclose all activity since the Company's date of inception. The Company will continue to prepare its financial statements and related disclosures as those of a development stage enterprise until such time that the Company achieves planned principal operations.

2. Going Concern

To date, the Company has not achieved its planned principal operations and is considered to be in the development stage. The Company incurs cash outflows from operations, and at this time all exploration activities and overhead expenses are financed by way of equity issuance, oil and gas sales incidental to the exploration process and interest income. The recoverability of the costs incurred to date is uncertain and dependent upon achieving significant commercial production or sale.

The Company's ability to continue as a going concern is dependent upon obtaining the necessary financing to complete further exploration and development activities and generate profitable operations from its oil and natural gas interests in the future. The Company's current operations are dependent upon the adequacy of its current assets to meet its current expenditure requirements and the accuracy of management's estimates of those requirements. Should those estimates be materially incorrect, the Company's ability to continue as a going concern will be impaired. The Company's financial statements as at and for the period ended September 30, 2011 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. During the nine months ended September 30, 2011, the Company incurred a net loss of approximately $4.4 million, used approximately $3.4 million of cash flow in its operating activities and had an accumulated deficit of approximately $51.9 million. As at September 30, 2011, the Company has working capital deficiency of approximately $2.2 million. These matters raise doubt about the Company's ability to continue as a going concern.

The Company expects to incur expenditures to further its exploration programs. The Company's existing cash balance at September 30, 2011 and the anticipated cash flow from operating activities are not sufficient to satisfy its current obligations and meet its exploration commitments of $20.2 million and $31.5 million, over the twelve months ending September 30, 2012 and the two years ending September 30, 2013, respectively. The Company is considering various alternatives to remedy any future shortfall in capital. The Company deems it necessary to raise capital for continued exploration and development expenditures through equity markets, debt markets or other financing arrangements, which could include the sale of oil and gas interests or participation arrangements in oil and gas interests. There can be no assurance this capital will be available and if it is not, the Company may be forced to substantially curtail or cease exploration block acquisition and/or exploration and development expenditures.

Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, commitments (as described in note 11) and contingencies (as described in note 12) in the normal course of operations, these unaudited consolidated financial statements would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be significant.

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

TOC
GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

3. Significant Accounting Policies

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

In the opinion of management, these unaudited consolidated financial statements reflect all of the normal and recurring adjustments necessary to present fairly the financial position at September 30, 2011 and December 31, 2010, the results of operations for the three and nine months ended September 30, 2011 and 2010 and for the period from inception of August 21, 2002 to September 30, 2011 and cash flows for the nine months ended September 30, 2011 and 2010 and for the period from inception of August 21, 2002 to September 30, 2011.

Certain information, accounting policies, and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in this Form 10-Q pursuant to certain rules and regulations of the Securities and Exchange Commission. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Principles of consolidation
These unaudited consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. A significant portion of the Company's activities conducted jointly with others and the unaudited consolidated financial statements reflect only the Company's proportionate interest in such activities. Investment in companies where the company has the ability to exercise significant influence but not control, are accounted for using the equity method. All inter-company balances and transactions have been eliminated in consolidation.

Use of estimates
The preparation of the unaudited consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimated amounts due to factors such as fluctuations in interest rates, currency exchange rates, inflation levels and commodity prices, changes in economic conditions and legislative and regulatory changes.

Significant estimates with regard to the unaudited consolidated financial statements include the estimated carrying value of unproved properties, the estimated cost and timing related to asset retirement obligations, stock-based compensation and contingencies.

4. Restricted Deposits

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

Pursuant to Israeli Customs Authorities, the Company, on behalf of the Myra and Sara Joint Venture, is required to post bank guarantees which represents an 8% to 12% Israeli Custom Duty which is necessary to be posted for all imports of oil and gas equipment and supplies in order to release them from Customs. Upon providing the Custom Authorities the proper required documentation, such that these goods and supplies are exempt from Custom Duties under the Israeli Petroleum law, these bank guarantees are refundable. These bank guarantees have been secured by term deposits of the Company in the same amount. As of September 30, 2011 term deposits amounting to $545,000 (NIS – 2,024,770) (December 31, 2010 - $nil) have been provided against the bank guarantees which is expected to be released on or before September 30, 2012.

TOC

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

4. Restricted Deposits (continued)

The term deposits securing these bank guarantees are as follows:

	September 30, 2011	December 31, 2010
	$	$
Exploration Blocks – India		
Sanand/Miroli	--	1,300,000
Ankleshwar	734,000	734,000
DS 03	--	330,000
DS 04	--	1,247,000
KG Onshore	--	900,000
RJ 20	--	1,100,000
RJ 21	--	1,441,000
Exploration Licenses - Israel		
Myra and Sara	545,000	--
	1,279,000	7,052,000
Less: current portion of restricted deposit	(1,279,000)	(2,034,000)
	--	5,018,000

The following term deposits are classified as current restricted deposits:

	September 30, 2011	December 31, 2010
	$	$
Exploration Blocks - India		
Sanand/Miroli	--	1,300,000
Ankleshwar	734,000	734,000
Exploration Licenses – Israel		
Myra and Sara	545,000	--
	1,279,000	2,034,000

In the second quarter of 2011, Export Development Canada (EDC) commenced providing the performance security guarantees on behalf of the Company against the bank guarantees provided to the Government of India for the period of April 1, 2011 to June 30, 2012. The performance security guarantees provided by EDC on behalf of the Company against these bank guarantees are as follows (see note 12):

	September 30, 2011	December 31, 2010
	$	$
Exploration Blocks – India		
DS 03	599,000	--
DS 04	728,000	--

KG Onshore	458,500	--
RJ 20	1,374,500	--
RJ 21	897,500	--
	4,057,500	--

TOC

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

5. Property and Equipment

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

	September 30, 2011	December 31, 2010
	$	$
Oil and natural gas properties (using the full-cost method)		
Unproved properties	52,054,092	47,715,032
Proved properties	20,150,898	17,702,000
Total oil and natural gas properties	72,204,990	65,417,032
Building	889,609	889,609
Computer, office and other equipment	621,322	602,917
Total property and equipment	73,715,921	66,909,558
Accumulated impairment of oil and natural gas properties	(23,887,015)	(23,887,015)
Accumulated depletion	(1,249,700)	(1,060,700)
Accumulated depreciation	(648,708)	(586,163)
Total property and equipment, net	47,930,498	41,375,680

The oil and natural gas properties consist of contract interests in 10 exploration blocks in India, 3 exploration licenses held in Israel and 2 exploration licenses held in Colombia.

The Company has capitalized $492,958 for the nine months ended September 30, 2011 (September 30, 2010 – $449,968) of general and administrative expenses directly related to exploration activities. These amounts include $210,674 (September 30, 2010 – $164,635) of capitalized stock-based compensation expense and capitalized support equipment depreciation of $29,980 (September 30, 2010 - $45,805).

Impairment of Oil and Gas Properties

The Company performed a ceiling test calculation at September 30, 2011, to assess the ceiling limitation of its proved oil properties. At September 30, 2011, the Company's net capitalized costs of proved oil and natural gas properties did not exceed the ceiling limitation.

6. Warrants

From time to time, the Company may issue compensation options, compensation warrants and or warrants (collectively the "Warrants") in connection with a finance offering as an incentive to participate in such offerings. The fair value of any Warrants issued is recorded as additional paid-in capital. The fair value of the Warrants is determined using the Black–Scholes option pricing model.

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

	September 30, 2011	December 31, 2010
	Warrants	Warrants

	#	Weighted Average Exercise Price $	#	Weighted Average Exercise Price $
Outstanding warrants at the beginning of period	8,717,363	5.44	5,599,716	7.91
Granted	--	--	3,117,647	1.00
Expired	(5,599,716)	7.91	--	--
Outstanding at the end of period	3,117,647	1.00	8,717,363	5.44
Exercisable at end of period	3,117,647	1.00	5,599,716	7.91

The weighted average remaining life by exercise price as of September 30, 2011 is summarized below:

	Outstanding Warrants #	Weighted Average Remaining Life (Months)	Exercisable Warrants #	Weighted Average Exercise Price $
Stock Purchase Warrants	3,117,647	48.5	3,117,647	1.00
	3,117,647	48.5	3,117,647	1.00

The Stock Purchase Warrants enable the holder to purchase one-half of one common share callable warrant and one-half of one common share non-callable warrant at a specified price up to October 15, 2015.

TOC

7. Stock Options

Stock-based Compensation

The Company is required to recognize compensation cost for stock-based compensation arrangements with employees, non-employee consultants and non-employee directors based on their fair value using the Black-Scholes option-pricing model, such cost to be expensed over the respective vesting periods. For awards with graded vesting, in which portions of the award vest in different periods, the Company recognizes compensation costs over the vesting periods for each separate vested tranche.

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

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Period from Inception August 21, 2002 to Sept 30, 2011
	$	$	$	$	$
Stock-based compensation					
Unaudited Consolidated Statements of Operations					
General and administrative	93,017	257,698	583,169	506,488	4,715,297
Consulting fees	--	33,749	(2,254)	(11,466)	3,413,834
	93,017	291,447	580,915	495,022	8,129,131
Unaudited Consolidated Balance Sheets					
Property and equipment	25,444	110,130	210,673	164,635	5,620,677
	118,461	401,577	791,588	659,657	13,749,808

At September 30, 2011, the total compensation cost related to non-vested awards not yet recognized was $171,176 (December 31, 2010 – $318,649) which will be recognized over a weighted-average period of twenty four months. During the three and nine months ended September 30, 2011 and 2010, no options were exercised.

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

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

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010
Fair value of stock options granted (per option)	$0.21	$0.75	$0.56	$0.93
Risk-free interest rate	1.9%	2.5%	3.2%	2.5%
Volatility	116%	130%	120%	130%
Expected life	9.3 years	9.8 years	9.7 years	8.3 years
Dividend yield	0%	0%	0%	0%

TOC
GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

7. Stock Options (continued)

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

	September 30, 2011		September 30, 2010	
	Shares #	Weighted Average Exercise Price $	Shares #	Weighted Average Exercise Price $
Outstanding options at beginning of period	4,550,000	2.72	4,440,000	3.69
Granted	1,280,000	1.04	1,280,000	1.58
Expired	(50,000)	1.18	(30,000)	5.09
Forfeitures and cancellations	--	--	(110,000)	1.72
Outstanding at the end of the period	5,780,000	2.36	5,580,000	3.14
Outstanding aggregate intrinsic value	$--		$42,500	
Exercisable at the end of the period	5,013,501	2.54	4,282,500	3.52
Exercisable aggregate intrinsic value	$--		$--	

The weighted average remaining life by exercise price as of September 30, 2011 is summarized below:

Range of Exercise Prices $	Outstanding Shares #	Weighted Average Remaining Life Months	Exercisable Shares #	Weighted Average Exercise Price $
0.01 - 0.99	774,800	98.5	591,467	0.67
1.00 - 1.99	2,559,000	52.0	1,975,834	1.52
2.00 - 2.99	323,800	104.0	323,800	2.25
3.00 - 4.99	1,672,400	60.4	1,672,400	3.67
5.00 - 5.99	400,000	28.9	400,000	5.07
6.00 - 6.99	50,000	39.1	50,000	6.81
	5,780,000	61.9	5,013,501	2.36

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.

Roy Group (Mauritius) Inc.

In March 2003, the Company entered into a Participating Interest Agreement with Roy Group (Mauritius) Inc. (a corporate entity controlled by a director and principal stockholder of the Company), whereby the Company assigned and holds in trust for Roy Group (Mauritius) Inc. 50% of the benefits and obligations of the production sharing contract covering the KG Offshore Block leaving the Company with a net 5% participating interest in the KG Offshore Block. The assignment of interest is subject to approval by the Government of India.

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

TOC

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

8. Related Party Transactions (continued)

Roy Group (Barbados) Inc. (RGB)

RGB is a corporate entity controlled by a director and principal stockholder of the Company. Effective August 18, 2010, RGB charges consulting fees based on the time expended to provide technical services to the Company as assigned by the Company and to bring new oil and gas opportunities to the Company. From the period of August 29, 2003 to August 17, 2010, RGB provided services under a Technical Services Agreement for consideration of $350,000 per year. Consulting fees paid to RGB are as outlined and recorded below:

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Period from Inception, August 21, 2002 to Sept 30, 2011
	$	$	$	$	$
Unaudited Consolidated Statements of Operations					
Consulting fees	92,150	59,059	216,050	190,309	1,131,396
Unaudited Consolidated Balance Sheets					
Property and equipment	52,211	18,852	138,384	62,602	1,591,584
	144,361	77,911	354,434	252,911	2,722,980

At September 30, 2011, the Company owed RGB $119,244 (December 31, 2010 - $16,200) for services provided and expenses incurred on behalf of the Company. These amounts bear no interest and have no set terms of repayment.

The compensation cost for stock-based compensation arrangements is outlined and recorded below:

Unaudited Consolidated Balance Sheets					
Property and equipment	(9,739)	--	32,584	--	32,584

D.I. Investments Ltd. (DI)

DI is a corporate entity controlled by an officer of the Company. DI charged consulting fees to the Company up to August 17, 2010 for management, financial and accounting services rendered. Subsequent to August 17, 2010, the officer’s compensation is included in general and administrative expenses. Consultancy fees paid to DI are as outlined and recorded below:

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Period from Inception, August 21, 2002 to Sept 30, 2011

	$	$	$	$	$
Unaudited Consolidated Statements of Operations					
Consulting fees	--	27,452	--	133,827	1,261,042

At September 30, 2011, the Company owed DI $nil (December 31, 2010 – $nil) 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.

TOC
GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

8. Related Party Transactions (continued)

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

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010	Period from Inception, August 21, 2002 to Sept 30, 2011
	$	$	$	$	$
Unaudited Consolidated Statements of Operations					
Consulting fees	21,148	10,446	54,825	41,312	447,301

The compensation cost (recovery) for stock-based compensation arrangements is outlined and recorded below:

Unaudited Consolidated Statements of Operations					
Consulting fees	--	14,463	(967)	14,948	651,378

At September 30, 2011, the Company owed Amicus $22,206 (December 31, 2010 - $11,355) 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. Per Share Amounts

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

	Three months ended Sept 30, 2011	Three months ended Sept 30, 2010	Nine months ended Sept 30, 2011	Nine months ended Sept 30, 2010
	$	$	$	$
Net loss available to common stockholders	(1,255,464)	(1,167,928)	(4,386,564)	(3,280,645)
Weighted average number of common stock outstanding:				
Basic	82,746,933	72,805,756	82,746,933	72,805,756
Impact of securities convertible into common stock	--	61,250	21,340	163,023
Diluted	82,746,933	72,867,006	82,768,273	72,968,779

Per share amounts				
Basic and diluted	(0.02)	(0.02)	(0.05)	(0.04)
Securities excluded from denominator as anti-dilutive:				
Stock options	5,780,000	5,330,000	5,630,000	5,050,000
Warrants	3,117,647	4,966,200	3,117,647	4,966,200
Compensation options	--	535,944	--	535,944
Compensation option warrants	--	97,572	--	97,572
	8,897,647	10,929,716	8,747,647	10,649,716

GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

10. Segmented Information

The majority of the Company's oil and natural gas exploration activities is conducted in India. All of the oil and gas sales are generated from India and are sold within Indian markets. 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.

	September 30, 2011	December 31, 2010
	$	$
Property and equipment, net		
India	43,292,748	39,693,301
Israel	4,404,861	1,459,476
Colombia and Canada	232,889	222,903
	47,930,498	41,375,680

11. Commitments

Pursuant to current production sharing contracts, the Company is required to perform minimum exploration activities that include various types of surveys, acquisition and processing of seismic data and drilling of exploration wells. In the event that the Company fails to fulfill minimum exploration activities by the end of the relevant exploration phase or early termination of the contract by the Government of India, the Company is liable to pay to the Government of India the amount which would be required to complete the unfinished portion of the minimum exploration activities. These obligations have not been provided for in the financial statements.

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

	Operating Leases	Production Sharing Contracts
	$	$
2011 (remainder)	69,000	8,060,000
2012	241,000	9,289,000
2013	16,000	7,412,000
2014 and thereafter	--	--
	326,000	24,761,000

In June 2010, Oil India Limited, the operator of the KG Onshore Block approved an increase of the Company's participating interest from 10% to 20%, subject to Government of India approval. Upon Government of India approval, the Company's commitments would increase by $1.0 million in the remainder of 2011, $2.3 million in 2012 and $5.2 million in 2013. To date, the approval has not been granted.

Pursuant to licenses relating to the Company's Israeli interests, the Company's commitment is approximately $5.18 million for the remainder of 2011 and $1.54 million in 2012.

The Company has office lease commitments in Calgary, Alberta, Canada and Herzliya, Israel which expire January 2013 and July 2012, respectively.

12. Contingencies

GSPC Dispute

GSPC, the operator of the KG Offshore Block in which the Company has a net 5% carried interest, has been seeking from the Company, payment of its pro rata portion of the amount by which the sums expended by GSPC under all phases for the minimum work program as set forth in the PSC for the KG Offshore Block in carrying out exploration activities on the block exceeds the amount that GSPC deems to be the Company's pro rata portion of a financial commitment under all phases included in the parties' joint bid for the award of the KG Offshore Block by the Government of India.

GSPC contends that this excess amount is not within the terms of the Carried Interest Agreement and asserts that the Company is required to pay 10% of the exploration expenses over and above gross costs of $109.7 million (10% being $10.97 million) (including the net 5% interest of Roy Group (Mauritius) Inc.) plus interest.

GSPC advised the Company on November 5, 2008 that the minimum work program for the KG Offshore Block had been completed in September 2008. Further, GSPC elected to undertake an additional work program over and above the minimum work program as either Joint Operations or as Exclusive Operations under the terms of the PSC and advised that the Company must elect whether to participate in these additional exploration activities as a Joint Operation or alternatively, GSPC would conduct these drilling activities as Exclusive Operations, as defined in the PSC.

12. Contingencies (continued)

On November 13, 2008 the Company advised GSPC that it exercised its right to participate in the drilling operations proposed in the November 5, 2008 GSPC letter as a Joint Operation under the terms of the PSC and Joint Operating Agreement and pursuant to the terms of our Carried Interest Agreement with GSPC. As such, the Company continues to be of the view that it is carried for 100% of its entire share of any and all costs during the additional exploration phase prior to the start of initial commercial production and that the Carried Interest Agreement extends through the exploration period of the PSC.

In August 2010 GSPC advised the Company that it is of the view that the technical and other advice provided by the Company in the preparation of the parties' original bid document submitted to the Government of India in 2002 under NELP-III has proven to be incorrect causing GSPC's costs in the project to exceed its estimate. GSPC asserts that by reason of the foregoing the Carried Interest Agreement between the parties is void and consequently the PSC to which the Government of India is party and the Joint Operating Agreement are also void.

The Company has advised GSPC that under the terms of the Carried Interest Agreement (the terms of which are also incorporated into the PSC and the Joint Operating Agreement) they have no right to such payment under the Carried Interest Agreement. The Company has advised GSPC that the Company fulfilled its obligations under the Carried Interest Agreement to provide extensive technical assistance without any further remuneration other than the carried interest, all in accordance with the terms of the Carried Interest Agreement. The Company obtained the opinion of Indian legal counsel who has advised that under the terms of the agreements between the parties, and in particular the Carried Interest Agreement, the Company is not liable to pay any amount to GSPC for costs or expenses incurred or otherwise before reaching the stage of commercial production.

The Company disputes these positions of GSPC and the conclusions reached by GSPC and continues to state that the Company holds a gross 10% interest in the KG Offshore Block (including the 5% interest of Roy Group (Mauritius) Inc.). In a KG Offshore Block Management Committee meeting held in October, 2010, the Management Committee (of which the Government of India is a member) advised GSPC to resolve these issues with the Company at the earliest and requested GSPC to maintain the status quo until the issues are resolved.

Based upon the audited accounts of the joint venture for the KG Offshore Block, the total costs incurred to March 31, 2010 were $1.447 billion (10% being $144.7 million of which 50% is for the account of Roy Group (Mauritius) Inc.). Further, based upon the budget for the fiscal year April 1, 2010 to March 31, 2011 and fiscal year April 1, 2011 to March 31, 2012, total costs projected for the period April 1, 2010 to September 30, 2011 were $1.008 billion (10% being $100.8 million). Therefore, management estimates that the amount of GSPC's claim as of September 30, 2011 to be approximately $245.5 million plus interest of which 50% is for the account of Roy Group (Mauritius) Inc. The Company disputes this assertion of GSPC.

The Company intends to vigorously protect its contractual rights in accordance with the dispute resolution process under the Carried Interest Agreement, the PSC and the Joint Operating Agreement as may be appropriate. In September 2007, the Company commenced discussions with GSPC in an effort to reach an amicable resolution. A number of draft settlement proposals have been put forward by the Company to GSPC seeking to settle this dispute amicably. Subsequent to the October 2010 Management Committee meeting the Company's management has again met with senior management of GSPC to continue its effort to reach an amicable resolution. However, no settlement agreement has been reached as of November 14, 2011 and there can be no assurance that this matter will be settled amicably.

Export Development Canada

In the second quarter of 2011, Export Development Canada (EDC) commenced providing the performance security guarantees on behalf of the Company against the bank guarantees provided to the Government of India for the period of April 1, 2011 to June 30, 2012. These bank guarantees are in the form of irrevocable letters of credit and are provided to the Government of India in the amount of 35% of the participant's share of the minimum work program for a particular phase and serve as guarantees for the performance of such minimum work programs.

In consideration of EDC providing the performance security guarantees, the Company has agreed to fully indemnify EDC against all claims and demands made in respect of these performance security guarantees.

TOC
GeoGlobal Resources Inc.
(a development stage enterprise)
Notes to the Unaudited Consolidated Financial Statements
September 30, 2011

13. Supplemental Disclosure of Cash Flow Information

Changes in non-cash working capital were as follows:

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
	$	$
(Increase) decrease in non-cash working capital		
Accounts receivable	1,432,589	16,844
Prepaid expenses and deposits	(91,355)	(127,819)
Accounts payable	4,415,849	(3,235,820)
Accrued liabilities	(1,189,777)	1,820,097
Due to related companies	113,895	(128,283)
Net change in non-cash working capital	4,681,201	(1,654,981)
Relating to:		
Operating activities	143,497	(648,748)
Investing activities	4,537,704	(1,006,233)
	4,681,201	(1,654,981)

14. Supplemental Disclosure of Joint Venture Working Capital

Current assets and current liabilities related to the Myra and Sara joint venture, to which the Company has a 5% participating interest and is the operator are included in the following caption of consolidated balance sheet:

	September 30, 2011	December 31, 2010
	$	$
Cash and cash equivalents	4,362,000	--
Restricted deposits	545,000	--
Prepaid expenses and deposits	216,000	--
Accounts payable	5,123,000	--

TOC

ITEM2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are engaged, through our subsidiaries, in the exploration for and development of oil and natural gas reserves. At September 30, 2011, we have not yet achieved our planned principal operations from our oil and gas exploration activities which commenced on August 29, 2003. Accordingly, our activities are considered to be those of a "Development Stage Enterprise". The recoverability of the costs we have incurred to date is uncertain and dependent upon achieving commercial production and sale of hydrocarbons, our ability to obtain sufficient financing to fulfill our obligations under the production sharing or other contracts we are a party to with respect to oil and natural gas exploration and development activities in India, Israel and Colombia and upon future profitable operations. At present, our activities are being undertaken in four geological basins located offshore and onshore in India, one geological basin located offshore Israel and one geological basin located onshore in Colombia where reserves of oil or natural gas are believed by our management to exist.

The exploration rights pursuant to PSCs we have entered into with the Government of India are located in the following areas:

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

The exploration rights pursuant to licenses we have been granted in Israel are located in the Levantine Basin located off the coast of Israel with the licenses varying in distances between 6 and 25 miles offshore.

We have entered into a Memorandum of Understanding (MOU) with respect to two exploration blocks located in the Putumayo Basin onshore in southwest Colombia.

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

Unless the context should otherwise require, references to "we," "us" and "our" in this Quarterly Report on Form 10-Q refer to GeoGlobal Resources Inc. and our wholly-owned consolidated subsidiaries. GeoGlobal Resources (Barbados) Inc. is our wholly-owned subsidiary incorporated under the Companies Act of Barbados that is the contracting party under our four PSCs covering four blocks in the Cambay Basin, our two PSCs covering two blocks in the Deccan Syneclise Basin, our two PSCs covering two blocks in the Bikaner-Nagaur Basin and our PSC covering the KG Onshore Block in the Krishna Godavari Basin, all of which are located in India. GeoGlobal Resources (India) Inc. is our wholly-owned subsidiary continued under the Companies Act of Barbados that is the contracting party under our PSC covering our KG Offshore Block in the Krishna Godavari Basin in India and the Sara, Myra and Samuel licenses in the Levantine Basin in Israel.

The following management's discussion and analysis of our financial condition and results of operation should be read in conjunction with, and is qualified in its entirety by, the more detailed information including our unaudited consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report. This Quarterly Report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results and business plans discussed in the forward-looking statements. Factors that may cause or contribute to such differences include those discussed in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010 as well as those discussed elsewhere in this Quarterly Report. For further information, refer to the Consolidated Financial Statements and related Notes and the Management's Discussion and Analysis thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Glossary of Certain Defined Terms:
All dollar amounts are stated in United States dollars
All meterage of drilled wells are measured depths unless otherwise stated

MBbls	-	thousand barrels
MMcf	-	million cubic feet
BOE	-	barrels of oil equivalent
GSPC	-	means Gujarat State Petroleum Corporation Limited of India
OIL	-	means Oil India Limited of India
ONGC	-	means Oil & Natural Gas Corporation Limited of India
PSC	-	means Production Sharing Contract
NELP	-	means National Exploration Licensing Policy
NIS	-	means New Israeli Shekels

TOC

Results of Operations for the three and nine months ended September 30, 2011 and 2010

We started our first production as non-operator from one field in the Tarapur block in May 2009. Our interest in the proved reserves in this field is 55 MBbls of oil and 155 MMcf of natural gas and probable reserves of 409 MBbls of oil and 595 MMcf of natural gas as at December 31, 2010 based upon an independent reserve report dated January 1, 2011 by Chapman Petroleum Engineering Ltd., Calgary, Alberta, Canada.

For the three months ended September 30, 2011, we incurred a net loss of $1.3 million compared with a net loss of $1.2 million for the three months ended September 30, 2010.

For the nine months ended September 30, 2011, we incurred a net loss of $4.4 million compared with a net loss of $3.3 million for the nine months ended September 30, 2010

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Oil Production (barrels)	1,262	1,864	3,606	7,729
Oil Sales (barrels)	1,575	2,394	3,481	7,453
Gas Sales (Mcf)	2,850	5,739	7,995	11,480
Oil Sales	$ 170,000	$ 174,000	$ 375,000	$ 547,000
Gas Sales	$ 25,000	$ 46,000	$ 71,000	$ 99,000
Average Oil Price per Barrel	$ 108.31	$ 72.70	$ 107.85	$ 73.47
Average Gas Price per Mcf	$ 8.67	$ 8.08	$ 8.87	$ 8.60
Operating Costs	$ 36,000	$ 36,000	$ 104,000	$ 139,000
Operating Costs per BOE	$ 19.95	$ 13.82	$ 20.47	$ 13.82
Depletion	$ 36,000	$ 55,000	$ 189,000	$ 222,000
Depletion per BOE	$ 20.21	$ 20.89	$ 37.29	$ 22.11

The calculation of barrels of oil equivalent (BOE) is based on a conversion ratio of six thousand cubic feet (Mcf) of natural gas to one barrel (bbl) of crude oil to estimate relative energy content. Readers are cautioned that this conversion may be misleading, particularly when used in isolation, since the 6Mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent the value equivalency at the wellhead.

Oil and Gas Sales

All of our oil and gas sales are derived from production in India. With the approval of the Tarapur 1 field development plan by the Management Committee, three wells began production in mid-May 2009, two in September 2009 and one in January 2010. There are ten additional wells which are drilled, tested and awaiting tie-in to the oil tank storage facilities. Further, associated natural gas from one gas well is being contained and sold while awaiting approval of a development plan for completion of a pipeline.

Oil and gas sales for the three months ended September 30, 2011 were $195,000 as compared to $220,000 for the three months ended September 30, 2010. This decrease is mainly attributable to a decrease in the oil and gas production for the three months ended September 30, 2011 offset by an increase in the commodity price when compared to the same quarter for 2010.

Oil and gas sales for the nine months ended September 30, 2011 were $446,000 as compared to $646,000 for the nine months ended September 30, 2010. This decrease is mainly attributable to a decrease in the oil and gas production for the nine months ended September 30, 2011 offset by an increase in the commodity price when compared to the same period for 2010.

Oil sales are currently based on the spot price based on discount to the Nigeria Bonny Light Crude bench mark. To date, none of our production has been hedged. All our associated natural gas is sold to local markets at a firm contract price of $7.00 per Mcf adjusted for rebate/premium on account of calorific value.

Operating

Operating costs for the three months ended September 30, 2011 are $36,000 or $19.95 per BOE compared to $36,000 or $13.82 per BOE for the three months ended September 30, 2010. While the operating costs remained constant, the price per BOE increased as a direct result of a decrease in oil and gas production for the three months ended September 30, 2011 when compared to the same quarter for 2010. The operating costs include handling and processing charges, transportation costs and utilities, maintenance and tank rental charges and contain a fixed and variable portion.

Operating costs for the nine months ended September 30, 2011 are $104,000 or $20.47 per BOE compared to $139,000 or $13.82 per BOE for the nine months ended September 30, 2010. This decrease is mainly attributable to a decrease in oil and gas production for the nine months ended September 30, 2011 when compared to the same period for 2010. The operating costs include handling and processing charges, transportation costs and utilities, maintenance and tank rental charges and contain a fixed and variable portion.

TOC

General and Administrative

For the three months ended September 30, 2011, our general and administrative expenses decreased to $826,000 compared to $863,000 for the three months ended September 30, 2010. These general and administrative expenses include costs related to the corporate head office including administrative salaries and services, directors' fees, rent and office costs, insurance, bank guarantee fees, NYSE Amex listing and filing fees, investor relation services and transfer agent fees and services. This decrease is mostly attributable to a decrease in Stock-based compensation costs by $165,000 to $93,000 for the three months ended September 30, 2011 from $258,000 for the comparative three months in 2010. These compensation costs are for stock-based compensation arrangements with employees and directors which are being expensed over their respective vesting periods of the related option grants. These decreases are offset by an increase in the Directors' and Special Committee fees by $47,000 combined with an increase in salaries and benefits of $113,000 mostly related to restructuring of our management team which was previously included in consulting fees. Further, there was a general increase in our general and administrative costs due to our increased activity in Israel, offset by overhead recoveries of $99,000 for the three months ended September 30, 2011 as compared to nil in the prior period.

For the nine months ended September 30, 2011, our general and administrative expenses increased to $3,125,000 compared to $2,459,000 for the nine months ended September 30, 2010. These general and administrative expenses include costs related to the corporate head office including administrative salaries and services, directors' fees, rent and office costs, insurance, bank guarantee fees, NYSE Amex listing and filing fees, investor relation services and transfer agent fees and services. This increase is mostly attributable to the following: Directors' and Special Committee fees increased by $158,000; salaries and benefits increased by $420,000 mostly related to restructuring of our management team which was previously included in consulting fees and the inclusion of a new executive officer in March 2010; and rent costs increased by $72,000; stock-based compensation costs increased by $77,000 to $583,000 for the nine months ended September 30, 2011 from $506,000 for the comparative nine months in 2010. These compensation costs are for stock-based compensation arrangements with employees and directors which are being expensed over their respective vesting periods of the related option grants. Further, there was a general increase in our general and administrative costs due to our increased activity in Israel, offset by overhead recoveries of $204,000 for the nine months ended September 30, 2011 as compared to nil in the prior period.

Consulting Fees

Consulting fees for the three months ended September 30, 2011 were $225,000, an increase of $67,000 from $158,000 when compared to the three months ended September 30, 2010. Consulting fees include costs incurred in employing various technical and corporate consultants who advised us on a variety of matters.

This increase is mostly a result of an increase in fees paid to consultants to assist in our financing efforts offset by the restructuring of a member of our management team whose fees are now paid as salary versus consulting fees.

Consulting fees for the nine months ended September 30, 2011 were $653,000, an increase of $124,000 from $529,000 when compared to the nine months ended September 30, 2010. Consulting fees include costs incurred in employing various technical and corporate consultants who advised us on a variety of matters.

This increase is mostly a result of fees paid to consultants to assist in our financing efforts offset by the restructuring of a member of our management team whose fees are now paid as salary versus consulting fees.

Professional Fees

Professional fees for the three months ended September 30, 2011 were $279,000 compared with $242,000 for the three months ended September 30, 2010. This increase is mostly a result of professional fees incurred during the three months ended September 30, 2011 paid to our advisors assisting in the restructuring of the corporate entities. Professional fees include general counsel, audit and review costs and tax advisors to assist with compliance.

Professional fees for the nine months ended September 30, 2011 were $668,000 compared with $422,000 for the nine months ended September 30, 2010. This increase is mostly a result of professional fees incurred during the nine months ended September 30, 2011 paid to our legal advisors due to