

GEOROX RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010
(Unaudited)

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

GEOROX RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2010 AND DECEMBER 31, 2009
(Unaudited)

	2010 \$	2009 \$
ASSETS		
CURRENT		
Cash and cash equivalents (Note 11)	718,899	773,522
Cash held in trust (Note 12)	625,000	625,000
Accounts receivable	93,208	84,170
Investments (Note 5)	100,000	174,248
	1,537,107	1,656,940
PROPERTY AND EQUIPMENT (Note 4)	422,621	480,250
	1,959,728	2,137,190
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	38,569	200,480
ASSET RETIREMENT OBLIGATIONS (Note 6)	89,250	89,100
	127,819	289,580
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7[b])	6,877,576	6,877,576
WARRANTS (Note 7[d])	49,144	49,144
CONTRIBUTED SURPLUS (Note 7[e])	1,872,597	1,853,537
ACCUMULATED OTHER COMPREHENSIVE INCOME	24,220	86,091
DEFICIT	(6,991,628)	(7,018,738)
	1,831,909	1,847,610
	1,959,728	2,137,190

COMMITMENT (Note 12)
SUBSEQUENT EVENT (Note 14)

APPROVED ON BEHALF OF THE BOARD:

Signed "Burkhard Franz" _____, Director

Signed "Daryl S. Fridhandler" _____, Director

GEOROX RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(Unaudited)

	2010 \$	2009 \$
REVENUE		
Petroleum and natural gas revenue	252,483	-
Royalties	(13,944)	-
	238,539	-
Interest income	1,840	2,682
Gain on sale of investments	4,028	-
	244,407	2,682
EXPENSES		
Operating	64,417	-
Transportation	1,408	-
Depletion, depreciation and accretion	60,638	174
Stock-based compensation	19,060	1,320
General and administrative (Note 10)	71,774	77,831
	217,297	79,325
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	27,110	(76,643)
Loss from discontinued operations (Note 13)	-	(202,456)
NET INCOME (LOSS) FOR THE PERIOD	27,110	(279,099)
DEFICIT, BEGINNING OF PERIOD	(7,018,738)	(6,523,701)
DEFICIT, END OF PERIOD	(6,991,628)	(6,802,800)
NET INCOME (LOSS) PER SHARE		
Basic and diluted from continuing operations	0.00	(0.00)
Basic and diluted from discontinued operations	0.00	(0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic and diluted	13,381,185	12,964,518

GEOROX RESOURCES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND
ACCUMULATED OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	2010 \$	2009 \$
NET INCOME (LOSS) FOR THE PERIOD	27,110	(279,099)
Unrealized gain (loss) on available for sale investments	(57,843)	-
Transfer to realized gain	(4,028)	-
OTHER COMPREHENSIVE INCOME (LOSS)	(61,871)	-
COMPREHENSIVE LOSS FOR THE PERIOD	(34,761)	(279,099)

	2010 \$	2009 \$
ACCUMULATED OTHER COMPREHENSIVE INCOME , beginning of period	86,091	-
Other comprehensive income	(61,871)	-
ACCUMULATED OTHER COMPREHENSIVE INCOME , end of period	24,220	-

GEOROX RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

	2010 \$	2009 \$
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss) for the period from continuing operations	27,110	(76,643)
Items not affecting cash:		
Stock-based compensation	19,060	1,320
Depletion, depreciation and accretion	60,638	174
Gain on sale of investments	(4,028)	-
	102,780	(75,149)
Changes in non-cash operating working capital (Note 11)	(170,949)	(60,187)
	(68,169)	(135,336)
INVESTING ACTIVITIES		
Proceeds on sale of investments	16,405	-
Purchase of property and equipment	(2,859)	-
	13,546	-
Cash flow from (used in) continuing operations	(54,623)	(135,336)
Cash flow from discontinued operations	-	(23,637)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(54,623)	(158,973)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	773,522	1,428,739
CASH AND CASH EQUIVALENTS, END OF PERIOD	718,899	1,269,766

SUPPLEMENTAL INFORMATION (Note 11)

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

Georox Resources Inc. (the "Corporation" or "Georox") was incorporated under the Canada Business Corporations Act on April 14, 2003. The business of the Corporation is the acquisition of, exploration for and the development of petroleum and natural gas properties in Canada.

Prior to March 31, 2009, Georox was a development stage Corporation engaged in the exploration of its mineral property interests located in Ecuador through its wholly-owned subsidiary companies. As a result of the enactment of a new mining law in Ecuador on January 29, 2009, requiring mineral title holders to observe special requirements for each mining phase, management of the Corporation determined that further development of the properties was not economical. As a result the Corporation did not make any further annual payments on any of the mining concessions and the Corporation ceased all of its operations in Ecuador (see note 13).

The interim financial statements of Georox have been prepared by management in accordance with accounting principles generally accepted in Canada and are expressed in Canadian dollars. These interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2009, except as described herein. The disclosures included below are incremental to those included with those financial statements. The interim financial statements should be read in conjunction with the audited financial statements and the notes thereto in the Company's report for the year ended December 31, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Corporation and its wholly owned subsidiaries, Ecuaro Resources S.A., Oromonte Resources S.A., Marissaoro Minerals S.A, Monteminerals S.A. and Orosources Minerals S.A., all of which are incorporated in Ecuador and are inactive subsequent to the date of the Corporation ceasing operations in Ecuador. All inter-company balances and transactions have been eliminated on consolidation.

(b) Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Financial Instruments

Each financial instrument is classified into one of five categories: financial assets and liabilities held-for-trading, financial assets held-to-maturity, loans and receivables, financial assets available-for-sale and other financial liabilities. All financial instruments are initially recorded at their fair value on initial recognition of the instrument, except for loans and receivables, held-to-maturity investments and other financial liabilities measured at amortized cost. Subsequent measurement of each of these items is dependent upon the initial classification. Unrealized gains and losses on financial instruments classified as held-for-trading are recognized in the statement of operations in the period incurred. Gains and losses on assets available-for-sale are recognized in other comprehensive income, and are included in the statement of operations when the change in asset value is recognized.

Cash and cash equivalents and cash held in trust are classified as held-for-trading instruments and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Accounts receivable are classified as loans and receivables. Investments in publicly-traded common shares and share purchase warrants are classified as available-for-sale and recorded at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities. The Corporation has no derivative financial instruments at March 31, 2010.

3. ADOPTION OF NEW ACCOUNTING POLICIES

On January 1, 2009, the Corporation adopted CICA Handbook Section 3064 - Goodwill and Intangible Assets which replaced the existing goodwill and intangible asset standard. The new standard revises the requirements for the recognition, measurement, presentation and disclosure of intangible assets. The adoption of this new standard did not have any impact on the Corporation's financial statements.

Future accounting pronouncements

- (i) The Canadian Accounting Standards Board ("AcSB") published a new strategic plan in 2006 that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a five-year transitional period. In February 2008 the AcSB announced that January 1, 2011 is the changeover date for publicly accountable enterprises to use IFRS, replacing current Canadian GAAP. The transition date of January 1, 2011 will also require the restatement for comparative purposes of the Corporation's 2010 interim and annual financial statements. The Corporation has begun assessing the impact of adoption of IFRS for 2011 and intends to develop and implement a plan for the changeover in late 2010. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

3. ADOPTION OF NEW ACCOUNTING POLICIES (Continued)

(ii) Business combinations

As of January 1, 2011, the Corporation will be required to adopt changes to CICA Handbook Section 1582 – "Business Combinations", which will replace Section 1581 – "Business Combinations", and harmonizes the Canadian standards related to business combinations with IFRS. This new standard establishes revised standards on the recognition and measurement of identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, as well as recognition and measurement guidance for goodwill acquired in the business combination or the gain from a bargain purchase option. The new standard also provides guidance on identifying the acquirer and identifying the acquisition date (being the date at which control is acquired), and on presentation and disclosure to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This new section is not expected to have an impact on the Corporation's current financial statements.

(iii) Consolidated financial statements

As of January 1, 2011, the Corporation will be required to adopt changes to CICA Handbook Section 1601 – "Consolidated Financial Statements" and Section 1602 – "Non-Controlling Interest", which together, replace Section 1600 – "Consolidated Financial Statements". These sections establish revised standards for the preparation of consolidated financial statements and specifically discuss the consolidation accounting following a business combination involving the purchase of an equity interest of one company by another. These sections also provide guidance in situations involving a combination or consolidation other than through purchase of an equity interest or involving unincorporated businesses. The adoption of this standard is not expected to have an impact on the Corporation's current financial statements.

4. PROPERTY AND EQUIPMENT

	March 31, 2010		
	Cost	Accumulated Depreciation and Depletion	Net Book Value
Petroleum and natural gas properties and equipment	\$ 669,754	\$ 254,435	\$ 415,319
Administrative assets	11,617	4,315	7,302
	\$ 681,371	\$ 258,750	\$ 422,621

On June 26, 2009, the Corporation purchased a 12.5% to 45.0% working interest in five producing oil wells in Alberta and a 7.5% gross overriding royalty in a sixth well, for cash of \$534,327.

As at March 31, 2010, the cost of unproved properties of approximately \$25,000 (December 31, 2009 – \$25,000) has been excluded from petroleum and natural gas properties and equipment for the purposes of calculating depletion.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

5. INVESTMENTS

	March 31, 2010	December 31, 2009
Shares in Canuc Resources Corporation 2010 – 500,000 common shares (2009 – 581,666)	100,000	\$ 174,248

The Corporation's investment in common shares of Canuc Resources Corporation ("Canuc") was acquired in 2007. Canuc is a publicly-traded company with significant mineral property interests in Ecuador.

6. ASSET RETIREMENT OBLIGATIONS

The Corporation's asset retirement obligations result from the ownership interests it has in petroleum and natural gas assets and well sites. The Corporation estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations at March 31, 2010 to be \$104,500 which will be incurred between 2010 and 2023. The fair value of the asset retirement obligations was calculated using a credit-adjusted risk free rate of 7% per annum. Settlement of the obligations will be funded from general corporate funds at the time of retirement.

A reconciliation of the asset retirement obligations is provided below:

Asset retirement obligations, December 31, 2009	\$ 89,100
Liabilities incurred	-
Accretion expense	150
Asset retirement obligations, March 31, 2010	\$ 89,250

7. SHARE CAPITAL, WARRANTS AND OPTIONS

a) Authorized

Unlimited number of common shares

b) Issued

	Common Shares	Amount
Balance, December 31, 2009 and March 31, 2010	13,381,185	\$ 6,877,576

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

7. SHARE CAPITAL, WARRANTS AND OPTIONS (Continued)

c) Options

The Corporation has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the plan will not exceed 10% of its issued and outstanding common shares. No one person shall be granted options representing more than 5% of the issued and outstanding common shares of the Corporation. The maximum number of shares which may be reserved for issuance to any consultant in any 12-month period shall be 2% of the shares issued and outstanding at the time of the grant. The maximum number of shares which may be reserved for issuance to investor relations employees in any 12-month period shall be 2% of the shares issued and outstanding at the time of the grant. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the board of directors of the Corporation and shall be determined on the basis of the market price of the shares at the time of grant, subject to all applicable regulatory requirements. Stock options granted under the Corporation's stock option plan are not transferable, cannot be traded and vest over a period not less than 18 months.

	Number	Weighted Average Exercise Price
Stock options outstanding, December 31, 2009	1,375,000	\$0.36
Forfeited	-	-
Granted	-	-
Stock options outstanding, March 31, 2010	1,375,000	\$0.36
Exercisable at March 31, 2010	787,500	\$0.52

As at March 31, 2010, the following options are outstanding:

Date of Grant	Number Outstanding	Number Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
December 19, 2005	66,667	66,667	\$0.57	0.72
July 11, 2006	66,666	66,666	2.13	1.22
November 23, 2006	66,667	66,667	2.13	1.64
August 17, 2009	1,100,000	550,000	0.15	4.37
August 31, 2009	75,000	37,500	0.14	4.42
Balance, March 31, 2010	1,375,000	787,500	\$0.14 – 2.13	3.91

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

7. SHARE CAPITAL, WARRANTS AND OPTIONS (Continued)

d) Share Purchase Warrants

As at March 31, 2010, the following share purchase warrants were outstanding:

Date of Issue	Number	Weighted Average Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life (Years)
December 15, 2008	1,365,000	0.10	December 15, 2010	0.71
September 24, 2009	208,334	0.17	September 23, 2011	1.48
Balance, March 31, 2010	1,573,334	0.11		0.81

e) Contributed Surplus

Balance, December 31, 2009	\$1,853,537
Stock-based compensation	19,060
Balance, March 31, 2010	\$1,872,597

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

The Corporation's financial instruments included on the balance sheet at March 31, 2010 consist of cash and cash equivalents, cash held in trust, accounts receivable, investments, and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, cash held in trust, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of those instruments. The investment in publicly listed common shares is recorded at fair value estimated using quoted closing market prices at the balance date.

The Corporation is exposed to financial risks arising from its financial assets and liabilities. The Corporation manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Corporation are:

Credit Risk

Credit risk is primarily related to accounts receivable from petroleum and natural gas property operators and joint venture partners and to the risk of financial loss if a partner or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation makes allowance for doubtful debts based on management's assessment of collectibility. The Corporation believes that its counterparties currently have the financial capacity to settle obligations in the normal course of business. There were no receivables allowed for or written off during the three months ended March 31, 2010 and 2009.

The Corporation is also exposed to credit risk associated with cash and cash equivalents and cash held in trust. The risk is mitigated as the cash and cash equivalents are maintained with major Canadian financial institutions and cash held in trust is held by a major Canadian law firm.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when due. As at March 31, 2010, the Corporation had cash and cash equivalents balances of \$718,899 to settle current liabilities of \$38,569. All of the Corporation's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

Management believes that the Corporation has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due. However, the Corporation has no history of profitability. The Corporation may require additional equity or debt financing to enable it to acquire sufficient producing petroleum and natural gas properties to attain a profitable level of operations.

Market Risk

Market risk consists of interest, foreign currency and commodity price risks.

(a) Interest Rate Risk

The Corporation has cash balances and no interest-bearing debt. The Corporation's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign Currency Risk

The Corporation's functional currency is the Canadian dollar. As at March 31, 2010, the Company held no amounts in foreign currencies..

(c) Commodity Price Risk

The Corporation closely monitors commodity prices to determine the appropriate course of action to be taken by the Corporation. The Corporation does not hedge commodity price risk and has no financial derivative sales contracts in place as at or during the three months ended March 31, 2010.

9. CAPITAL MANAGEMENT

The Corporation's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, to sustain the development of the Corporation's current capital projects and for future development of the Corporation. The Corporation monitors its working capital and expected capital spending and raises additional equity by the issue of share capital to manage its development plans. The Corporation has no externally imposed capital requirements.

The Corporation will continue to assess additional petroleum and natural gas well interests and plans to raise additional debt or equity amounts as needed to fund acquisitions and to maintain sufficient working capital to meet administrative expenditures.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

9. CAPITAL MANAGEMENT (Continued)

The Corporation considers its capital structure to include shareholders' equity and working capital. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. There were no changes in the Corporation's approach to capital management during the period ended March 31, 2010.

10. RELATED PARTY TRANSACTIONS

During the three ended March 31, 2010, management and consulting fees of \$24,000 (2009 - \$6,000) included in general and administrative expenses were charged by two officers of the Corporation and a corporation controlled by the officer.

These transactions were in the normal course of operations and were recorded at the exchange amount. Amounts due to related parties are included in accounts payable and accrued liabilities and are due under normal credit terms.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

11. SUPPLEMENTAL CASH FLOW INFORMATION

	March 31, 2010	March 31, 2009
Changes in non-cash working capital:		
Accounts receivable	(9,038)	\$ 17
Accounts payable and accrued liabilities	(161,911)	(60,204)
	\$ (170,949)	\$ (60,187)
Changes in non-cash working capital related to:		
Operating	\$ (170,949)	\$ (60,187)
Investing	-	-
	\$ (170,949)	\$ (60,187)
	March 31, 2010	March 31, 2009
Income taxes paid	\$ -	\$ -
Change in accrued mineral property and deferred exploration expenditures	\$ -	\$ -
	March 31, 2010	December 31, 2009
Cash on deposit	\$ 568,899	\$ 623,522
GICs at an average interest rate of 1.6% (2008 – 1.9%)	150,000	150,000
Cash and cash equivalents, continuing operations	718,899	773,522
Cash and cash equivalents, discontinued operations	-	-
Cash and cash equivalents	\$ 718,899	\$ 773,522

12. COMMITMENT

Farmout Agreement

To obtain a working interest in an oil and gas property, the Corporation has placed \$625,000 in trust to be used to fulfill the Corporation's drilling commitments under the farm-in agreement.

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

13. DISCONTINUED OPERATIONS

In April 2009, the Corporation made a decision to abandon its mineral exploration activities in Ecuador. The Corporation was adversely affected as a result of the enactment of a new mining law in Ecuador on January 29, 2009, requiring mineral title holders to observe special requirements for each mining phase. The Corporation determined it was uneconomical to continue operations in Ecuador and ceased making further annual payments on any of its mining concessions in Ecuador.

In March 2009, the Corporation transferred cash to pay its outstanding liabilities in Ecuador and wrote-off the carrying value of all remaining assets, resulting in a loss of \$178,821. Management of the Corporation believes there are no significant ongoing current or contingent obligations related to the Ecuador operations.

Comparative figures for the period ended March 31, 2009 have been reclassified to present amounts related to the Ecuador operations as discontinued operations.

The following amounts have been presented as discontinued operations in the March 31, 2010 and 2009 consolidated financial statements:

	As at March 31, 2010	As at March 31, 2009
Assets – Discontinued operations		
Current		
Cash	\$ -	\$ 4,548
Accounts receivable	-	17,644
Prepaid expenses	-	1,641
	\$ -	\$ 23,833
Non-Current		
Fixed assets	\$ -	\$ 33,419
Interest in mineral properties	-	123,380
	\$ -	\$ 156,799
Liabilities – Discontinued operations		
Accounts payable	\$ -	\$ 1,812
	Period ended March 31, 2010	Period ended March 31, 2009
Expenses		
Depletion, depreciation and accretion	\$ -	\$ -
General and administrative	-	23,635
Foreign exchange (gain) loss	-	-
Write-down of mineral properties	-	123,380
Loss on disposal/write-down of fixed assets	-	33,528
Write-down of working capital balances	-	21,913
	\$ -	\$ 202,456

GEOROX RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

14. SUBSEQUENT EVENTS

- (i) On May 3, 2010, the Company completed the acquisition of working interests of between 4.2% and 30% in certain oil and gas interests located in the Hayes Area of Alberta for cash consideration of \$605,000.
- (ii) On May 28, 2010, the Company closed a private placement of 2,500,000 units at a price of \$0.18 per unit for gross proceeds of \$450,000. Each unit consists of one common share and one half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of \$0.25 per share for a period of 24 months following closing. The Company paid agents' fees totalling \$5,400 in connection with the offering.

MANAGEMENT DISCUSSION AND ANALYSIS FOR GEOROX RESOURCES INC. FOR THE YEAR ENDED MARCH 31, 2010

GENERAL

The following Management's Discussion and Analysis ("MD&A") prepared as of March 31, 2010, is provided for the purpose of reviewing the results for the quarter ended March 31, 2010, and is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations as at March 31, 2010. This discussion and analysis of the performance, financial condition and future prospects of the Company should be read in conjunction with the Company's consolidated financial statements and notes for the three months ended March 31, 2010. The Financial Statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Petroleum and natural gas reserves and volumes are converted to a common unit of measure on a basis of six thousand cubic feet (Mcf) of gas to one barrel (bbl) of oil. BOEs may be misleading, particularly if used in isolation. The forgoing conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms to the Canadian Securities Regulators' National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.

Amounts are shown in Canadian dollars unless otherwise stated. All production volumes disclosed herein are sales volumes.

Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts that address activities, events or developments that Georox Resources Inc. (the "Company" or "Georox") expects are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, readers and investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will be realised. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "may", "will", and similar expressions are intended to identify forward-looking information. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. The risks associated with these forward-looking statements include, but are not limited to, the following:

*Fluctuations in oil production levels;
Volatility in market prices for liquids and oil
Uncertainties associated with estimating reserves;
Well production and decline rates;
Changes in the general economic conditions in Canada and Worldwide;
The effects of weather conditions;
The ability of Georox to obtain financing;*

Actions taken and policies by governmental or regulatory authorities including changes to tax laws, incentive programs, royalty calculations and environmental regulations.

Furthermore, the forward-looking statements contained in this MD&A are made as of the date of this MD&A and the Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Non-GAAP Terms

This Management, Discussion and Analysis uses the terms "funds flow from operations", and "netbacks" which are terms not recognized under Generally Accepted Accounting Principles("GAAP"). The Company uses these measures to help evaluate its performance, leverage, and liquidity as well as to assess potential acquisitions.

The Company considers netbacks as a key measure as it demonstrates its profitability relative to current commodity prices. Corporate netbacks are comprised of operating, funds flow from operations and net earnings netbacks. Operating netback is calculated as the average sales price of its commodities (including financial instrument gains and losses) and then subtracts royalties, transportation costs and operating expenses. Funds flow netback starts with the operating netback and further deducts general and administrative costs, interest expense and adds interest income.

Net debt and working capital deficiency, which terms represent current assets less current liabilities and bank debt is used to assess efficiency, liquidity and the general financial strength of the company. There is no GAAP measure that is reasonably comparable to net debt and working capital.

Additional information related to the Company is available on SEDAR at www.sedar.com. and on the Company's website at www.georoxresources.com .

DESCRIPTION OF BUSINESS

Georox Resources Inc. is a Canadian natural resources exploration company presently engaged in the acquisition, development and exploration of oil and gas properties in Western Canada.

The Company was incorporated on April 14, 2003, under the Canada Business Corporations Act (CBCA).The Company's shares initially began trading on the TSX Venture Exchange under the trading symbol "ORR" on March 29, 2005 and on the Frankfurt Exchange under the trading symbol "OF6" on June 21, 2006. Effective at market opening August 26, 2008, the Company's common shares and common share purchase warrants began trading on the TSX Venture Exchange under the trading symbol "GXR" and GXR.WT respectively and on the Frankfurt Exchange under the trading symbol "OF6A".

MINERAL EXPLORATION

Georox Resources Inc. announced on April 2, 2009 that it has decided not to make any annual concession payments on any of its mining concessions in Ecuador. Consequently all of the mining claims have lapsed. The Company's concessions have been significantly adversely affected by the Government of Ecuador's implementation of changes to the country's constitution and mining law on January 29, 2009. The Company has determined that it is uneconomic for it to continue operations in Ecuador and consequently all operations have been discontinued.

OVERALL PERFORMANCE

The Company recorded a profit of \$27,110 for the 3 months ended March 31, 2010. The profit arose as a result of the high commodity prices and increased production. In addition the Company has reduced its administrative cost as compared to March 31, 2009 quarter by a significant amount. The Company made a gain on sale of securities it held since 2007 in Canuc Resources of \$4,028 for the March quarter.

On June 26, 2009 the Company closed the purchase of the Gift Lake property with an effective date of May 1, 2009 from a company in Alberta. The property consists of five producing oil wells and a gross overriding royalty on a sixth well. On April 30, 2010 the Company closed the purchase of varying interests in the Hays property in Alberta with an effective date of February 1, 2010. The purchase has not been included in the financials as closing occurred after the end of the quarter. The operating netback for the three months amounted to \$172,714.

Working capital for the quarter ended March 31, 2010 was \$1,498,538 and 2008 1,456,460 with no material difference between the two years.

SELECTED FINANCIAL INFORMATION

Year Ended	Quarter March 31, 2010	Quarter March 31, 2009
Total Revenues	\$252,483	\$0
Net Gain/Loss	\$27,110	\$(176,139)
Net loss per share, basic and diluted	\$0.00	(\$0.02)
Total Assets	\$1,959,728	\$1,876,602
Total Current liabilities	\$38,569	\$ 17,742
Deferred Exploration fees	\$0	\$0
Cash Dividends	\$0	\$0

Three Months Ended	1st Quarter March 31, 2010	4 th Quarter December 31, 2009	3rd Quarter September 30, 2009	2nd Quarter June 30, 2009
Total Revenues	\$252,483	\$206,353	\$0	\$0
Net Profit	\$27,110	\$142,253	\$137,682	\$82,040
Net Profit per share basic and diluted	\$0.00	\$0.02	\$0.01	\$0.01
Deferred Exploration Costs	0	\$0	\$0	\$0
	0	\$0	\$0	\$0
Three Months Ended	1st Quarter March 31, 2009	4 th Quarter December 31, 2008	3rd Quarter September 30, 2008	2nd Quarter June 31, 2008
Total Revenues	\$0	\$0	\$0	\$0
Net Loss	\$279,099	\$210,996	\$191,429	\$128,949
Net Loss per share, basic and diluted	\$0.01	\$0.11	\$0.19	\$0.04
Deferred Exploration Costs	\$0	\$778,392	\$778,392	\$778,302

RESULTS OF OPERATIONS AND HIGHLIGHTS IN THE THIRD QUARTER

Total production for January to March, 2010 was 3,223 bbls of oil

	<u>Per bbl</u>
Average price	\$78.34
Royalties per bbl	(\$4.32)
Transportation Costs	(\$0.44)
Operating Costs	(\$20.00)
Net	\$53.58

Daily volumes was 36 boe per day for the three months. Due to the volatility in commodity prices the overall average price was \$78 per bbl for the three months. This is a high average price obtained by the Company.

The Company had a gain on investments of \$4.028 on the sale of some of its securities it held in Canuc Resources Corporation listed on the TSX Venture Exchange. As at March 31, 2010 the fair market value after the disposition of significant number of the securities in Canuc Resources Corporation is \$100,000..

Royalties

As a percentage of revenue, the rate of royalty for the three months was 5.51%. Georox anticipates the aggregate royalty rate to average between 10 – 14% for the rest of 2010 but will be dependent on realized commodity prices.

Operating Expense

The per boe of 26% generated expense is attributable to a combination of fixed costs being spread over volumes of production and a high percentage of processing fees by the operator on three wells.

Transportation Expense

Transportation expenses amounted to 0.5% of production revenue. Transportation costs included clean oil trucking and hauling. The costs are dependent on a variety of factors such as the method of transportation, the distances covered, the rates charged by the carriers, quantities shipped, cost of the fuel, the type of service offered as well as ownership of the transportation facilities.

General and Administrative

The administrative costs reflect the costs of managing the Company's properties and associated activities. Administrative costs also included the moving expenses of its office to a more central area.

For the three months, operating and general administrative expenses were \$71,774 resulting in a reduction as compared to 2008 of \$77,831. Georox continually directs significant efforts to maintaining or reducing its controllable costs.

Stock Based Compensation

Stock based compensation expense for the year increased to \$19,060 as compared to 2009 of 1,320 due to the granting of 1,175,000 options to its directors and officers of the Company in August, 2009. The fair value of all stock options is amortized over the options' vesting period which is three years for all options granted.

Depletion, Depreciation and Accretion

On a per boe basis the rate of depletion, depreciation and accretion (“DDA”) was incurred at a rate of \$18.81. For 2010 Georox anticipates the DD&A per boe to be similar to the 2009.

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the company are dependent upon its ability to continue to raise adequate financing in the future.

The Company’s working capital was \$1,498,539 as at March 31, 2010.

The Company has sufficient working capital to meet all of its foreseeable obligations based on its plan for the next twelve months.

The global credit market crisis, including disruptions in the international credit markets and other financial systems and the deterioration of the global economic conditions have caused significant volatility to commodity prices. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over supply and demand of these commodities due to the current state of the world economies and the ongoing global credit and liquidity concerns. This has resulted in an extremely limited ability to execute capital market transactions.

FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash and cash equivalents, receivables, investments and accounts payables and accrued liabilities. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of financial instruments approximates their carrying values, unless otherwise noted. The fair value of investments is subject to an annual impairment test.

STOCK OPTIONS

The Company did not issue any stock options during Q1, 2010. As a result, at March 31, 2010 the Company had a total of 1,375,000 options issued at an average price of \$0.43.

WARRANTS

During the period ending March 31, 2010, no warrants expired or were exercised.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the period ended March 31, 2010, \$nil (2009 - \$17,117) was expensed for legal services provided by a law firm of which a director of the Company is a partner.

During the three months ended March 31, 2010, the Company incurred management and consulting fees of \$24,000. (2009 - \$6,000) were charged by 2 officers of the Company.

In 2009 an officer of the Company subscribed and purchased 416,667 Units of the Common shares of the company at \$0.12 per Unit for an aggregate gross proceeds of \$50,000. Each Unit is comprised of one common share of the corporation and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.17 per common share at any time prior to September 23, 2011.

The above transactions were in the normal course of operations and were recorded at the exchange amount, which is the amount agreed to by the related parties.

OTHER EVENTS

The Company signed the farm-out agreement on September 25, 2009 with a company in Alberta for a total gross commitment of \$650,000. The farm-out agreement will enable the Company to earn a 15 per-cent working interest on the farm-out lands consisting of 1040 acres in Saskatchewan. The Company paid \$50,000 for the right to participate, \$25,000 is paid on signing of the agreement and \$25,000 to be paid on the spudding of the first well. The spud date has been extended to March 1, 2010. \$600,000 is deposited with Georox legal counsel and shall be released upon receipt of authorization of expenditure relating to the work program. The \$625,000 is included as part of the cash and cash equivalents in the Company's balance sheet.

SUBSEQUENT EVENTS

On April 30, 2010 the Company completed an acquisition of oil and gas interests located in the Hays area of southeast Alberta from an arms-length company. Georox paid \$605,000 for the assets. The assets include a 4.2-per-cent working interests in 2-3/4 sections of land and three Nisku-producing light oil wells in the Hays Arcs T/Y pool as well as a 30 per-cent working interest in one other Nisku oil well in the area. The wells are currently producing 120 gross barrels per day of light oil and 40,000 cubic feet per day of solution natural gas (10.8 barrels of oil equivalent per day net to the company). The assets are operated by industry third parties. The company believes there is potential to drill up to 31 additional development wells on the acquired lands, plus additional potential in other formations within the current wellbores.

The Company paid the remaining \$25,000 to the joint venture partners pertaining to the opportunity to participate in farm-out agreement signed on September 25, 2009. The drilling program announced has been delayed due to continuing negotiations for the pooling of lands with an adjacent producer to form a larger area of common interest.

The Company announced on May 4, 2010 a non-brokered private placement of up to 2.5 million units at a price of 18 cents per unit. Each unit consist of one common share and one-half common share purchase warrant. Each whole warrant shall be exercisable for one common share at a price of 24 cents per share for a period of 24 months following closing and the placement shall be subject to receipt of all regulatory approvals. A total of \$ 48,500 has been paid in finders fees. As of May 28 the private placement has been fully subscribed and closed.

After giving effect to this private placement, the Company will have 15,881,185 outstanding common shares. An additional 1.25 million shares will be reserved for issuance on exercise of the common shares purchase warrants issued pursuant to the private placement.

RISK AND UNCERTAINTIES

The risks in the oil and gas industry are varied and wide-ranging:

Exploration, Development and production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time, and the production there from, will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties and prospects. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Company may determine that current markets, terms of acquisitions and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Company.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and to the financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 and are continuing in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. These factors have negatively impacted Company valuations and will impact the performance of the global economy going forward. Petroleum prices are expected to remain volatile for the near future as a result of the market uncertainties over the supply and demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing global credit and liquidity concerns.

Operational Dependence

Other Companies operate some of the assets in which the Company has an interest. As a result the Company has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Company's financial performance. The Company's return on assets operated by others therefore depends upon a number of factors that may be outside of the Company's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Company's costs, any of which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Company will require licenses from various government authorities. There can be no assurance that the Company will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial

and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material adverse effect on the Company's business, financial condition, results of operations and prospects. There has been much public debate with respect to Canada's ability to meet targets set out by the Kyoto Protocol and the Government's strategy or alternative strategies with respect to climate change and the control of greenhouse gases. Implementation of strategies for reducing greenhouse gases whether to meet the limits required by the Kyoto Protocol or as otherwise determined could have a material impact on the nature of oil and natural gas operations, including those of the Company. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company and its operations and financial condition.

Substantial Capital Requirements

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes the company to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The inability of the company to access sufficient capital for its operations could have a material adverse effect on the Company's business financial condition, results of operations and prospects.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

Conflicts of Interest

Certain directors of the Company are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to

abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the CBCA. See “Directors and Officers – Conflicts of Interest”.

CHANGE IN ACCOUNTING POLICIES

Adoption of new accounting policies

On January 1, 2008, the Company adopted two new CICA standards, Section 3862 “Financial Instruments – Disclosures” and Section 3863 “Financial Instruments – Presentation”. The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

As of January 1, 2008, the Company adopted CICA Section 1535 “Capital Disclosures” which requires additional disclosures of objectives, policies and processes for managing capital. In addition, disclosures include whether companies have complied with externally imposed capital requirements.

In June 2007, the CICA amended Section 1400, “General Standards for financial statements presentation”. These standards became effective for interim and annual financial statements for the Company’s reporting periods beginning on January 1, 2008.

In January 2006, the CICA Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards (“IFRS”) by the end of 2011, The company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

The Company plans to report under IFRS as of January 1, 2011. Adoption of IFRS as Canadian GAAP is unlikely to materially affect the Company’s financial position and results of operations, given the Company’s current situation. During 2009 the Company will continue the assessment phase of its changeover plan. The Company will identify major differences between current Canadian GAAP and IFRS as they affect the Company and determine resource requirements over the next two years as the Company implements its transition plan.

ACCOUNTING ESTIMATES

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company’s most significant areas of estimation are in relation to recoverability of mineral properties, stock-based compensation expenses, warrant valuation, and future tax assets and liabilities. Actual results could differ from those estimates.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or

liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

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Lorraine McVean, Calgary, AB, Canada

OTHER

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