

Global Resource CORP  
Form 10-Q  
June 23, 2009

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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

- 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 000-50944

GLOBAL RESOURCE CORPORATION  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation)

84-1565820  
(IRS employer identification no.)

1000 Atrium Way, Suite 100  
Mount Laurel, New Jersey 08054  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (856) 767-5665

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated  
filer  Accelerated  
filer  Non-accelerated filer  Smaller  
reporting  
filer

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(Do not check if a smaller company   
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares outstanding of the registrant's Common Stock, par value \$.001 per share (the "Common Stock"), as of June 15, 2009 was 63,580,703.

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GLOBAL RESOURCE CORPORATION

Form 10-Q

For the Quarter Ended March 31, 2009

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

Global Resource Corporation  
(A Development Stage Company)  
Condensed Consolidated Balance Sheets  
March 31, 2009

	(Unaudited) Period Ended March 31, 2009	(Audited) Year Ended December 31, 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 784,287	\$ 2,013,730
Short-term investments	1,738,960	2,557,274
Prepaid Services	976,650	1,508,875
Total current assets	3,499,897	6,079,879
Property and equipment, net of depreciation	1,592,342	1,358,299
<b>OTHER ASSETS</b>		
Deposits	123,726	123,726
Prepaid patent costs	420,810	383,685
Total other assets	544,536	507,411
<b>TOTAL ASSETS</b>	<b>\$ 5,636,775</b>	<b>\$ 7,945,589</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 780,464	\$ 889,489
Loans payable - equipment	29,209	34,850
Capital lease obligation - equipment	10,158	9,543
Severance payable	200,000	200,000
Total current liabilities	1,019,831	1,133,882
<b>LONG-TERM LIABILITIES</b>		
Loans payable - equipment, net of current portion	11,538	16,821
Capital lease obligation - equipment, net of current portion	12,959	15,742
Severance payable, net of current portion	950,000	1,000,000
Derivative financial instruments	895,980	1,591,834
Total liabilities	2,890,308	3,758,279
<b>COMMITMENT AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock A - \$.001 par value 100,000,000 shares authorized, none issued and outstanding at March 31, 2009, 5,000 issued and outstanding at December 31, 2008		5
	69,645	69,549

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Common stock, \$.001 par value; 200,000,000 shares authorized, 69,645,664 shares issued and 62,950,703 outstanding at March 31, 2009, 69,549,164 shares issued and 62,854,203 outstanding at December 31, 2008		
Additional paid-in capital	36,411,372	35,842,053
Accumulated other comprehensive loss	(550,441)	(237,550)
Deficit accumulated in the development stage	(31,467,636)	(29,770,274)
	4,462,940	5,903,783
Treasury Stock	(1,716,473)	(1,716,473)
Total stockholders' equity	2,746,467	4,187,310
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 5,636,775</b>	<b>\$ 7,945,589</b>

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)  
(With Cumulative Totals Since Inception)  
(Unaudited)

	Three Months Ended March 31 2009	Restated March 31 2008	July 19, 2002 (Inception) to March 31, 2009
REVENUES	\$ -	\$ -	\$ -
COST OF SALES	-	-	-
GROSS PROFIT	-	-	-
OPERATING EXPENSES			
General and administrative expenses	2,185,232	3,455,300	42,207,603
Research and development expenses	242,899	126,258	1,523,938
Total operating expenses	2,428,131	3,581,558	43,731,541
OPERATING LOSS	(2,428,131)	(3,581,558)	(43,731,541)
OTHER INCOME (EXPENSE)			
Loss on deposit and other			- (179,893)
Net realized loss on investments	(17,438)		(899,206)
Change in fair value of derivative financial instruments	695,854	7,246,228	13,055,699
Interest expense	(3,144)	(6,073)	(59,616)
Interest income	55,497	3,787	346,921
Total other income	730,769	7,243,942	12,263,905
NET INCOME (LOSS)	\$ (1,697,362)	\$ 3,662,384	\$ (31,467,636)
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized loss on short-term investments	\$ (312,891)	\$ -	\$ (1,388,291)
Realized loss on short-term investments, net of taxes, reclassified from accumulated other comprehensive loss	-	-	837,850
COMPREHENSIVE INCOME (LOSS)	\$ (2,010,253)	\$ 3,662,384	\$ (32,018,077)
EARNINGS (LOSS) PER COMMON SHARE			
BASIC	\$ (0.03)	\$ 0.12	

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DILUTED	\$	(0.03)	\$	0.07
WEIGHTED AVERAGE NUMBER OF COMMON SHARES				
BASIC		62,920,431		30,743,131
DILUTED		62,920,431		49,333,456

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Condensed Consolidated Statements of Cash Flows  
(With Cumulative Totals Since Inception)  
(Unaudited)

	Three Months Ended		July 19, 2002
	March 31,	March 31,	(Inception)
	2009	2008	to
		Restated	March 31,
			2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (1,697,362)	\$ 3,662,384	\$ (31,467,636)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation	32,328	20,692	314,181
Preferred stock issued for services			400,000
Common stock issued for services	43,250	1,960,275	20,916,071
Amortization of prepaid common stock issued for services	548,675	645,375	3,938,800
Common stock warrants and options issued for services	455,960	21,870	1,787,539
Amortization of deferred compensation		27,250	545,000
Loss on sale of property and equipment			18,955
Loss on sale of real estate and forfeiture of deposit			212,936
Loss on sale of short-term investments	17,438		17,438
Change in fair value of derivative financial instruments	(695,854)	(7,246,228)	(13,055,699)
Other than temporary losses on short-term investments			837,850
Common stock issued as charitable contribution			50,000
Changes in assets and liabilities			
Prepaid services	53,750		(31,250)
Deposits			(178,726)
Prepaid patent costs	(37,125)	(37,140)	(420,810)
Accounts payable and accrued liabilities	(109,025)	2,872	982,893
Severance payable	(50,000)		1,150,000
Total adjustments	259,397	(4,605,034)	17,485,178
Net cash used in operating activities	(1,437,965)	(942,650)	(13,982,458)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment - equipment & machinery	(72,208)	(9,601)	(664,187)
Purchase of property and equipment - construction-in-progress	(194,163)	(361,511)	(1,124,242)
Proceeds from sale of property and equipment			44,200
Proceeds from sale of real estate			617,864
Purchase of short-term investments			(4,586,334)
Proceeds from sale of short-term investments	487,985		1,441,645
Net cash provided by (used in) investing activities	221,614	(371,112)	(4,271,054)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of common stock for cash		2,083,789	21,002,175
Proceeds for stock to be issued		5,069,872	
Proceeds from stock subscription receivable		55,175	(130,518)
Purchase of treasury stock			(1,716,473)



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Repayment of loans payable and capital lease obligation	(13,092)	(9,845)	(117,385)
Net cash provided by (used in) financing activities	(13,092)	7,198,991	19,037,799
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	(1,229,443)	5,885,229	784,287
<b>CASH AND CASH EQUIVALENTS</b>			
- BEGINNING OF PERIOD	2,013,730	780,425	
<b>CASH AND CASH EQUIVALENTS</b>			
- END OF PERIOD	\$ 784,287	\$ 6,665,654	\$ 784,287
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:</b>			
Interest Paid	\$ 3,144	\$ 6,073	\$ 62,002

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value \$ Shares	Preferred Stock B Par Value \$ Shares	Common Stock Par Value \$ Shares	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Development Stage	(Restated) Stock Subscriptions in Pre-1997 Company	(Restated) Other Comprehensive Income Loss	Total
Balance at July 19, 2002 (Inception)	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of initial founders' shares, September 9, 2002 net of subsequent cancellations			2,555,000					-
Common stock shares issued for cash:								
Common stock issued for cash on November 5, 2002, at \$.50 per share plus 8,000 warrants			8,000	4,000				4,000
Common stock issued for cash on November 21, 2002, at \$.50 per share plus 21,000 warrants			21,000	10,500				10,500
Common stock shares issued for services rendered:								
Common stock issued for services			1,000,000	472,000				472,000

rendered, on  
September 10,  
2002, at \$0.472  
per share

Common stock  
issued for  
services  
rendered, in  
November 5,  
2002, at \$0.50  
per share, plus  
8,500 warrants

8,500	4,250	4,250
-------	-------	-------

Common stock  
issued for  
services  
rendered, on  
December 5,  
2002, at \$0.50  
per share, plus  
5,100 warrants

5,100	2,550	2,550
-------	-------	-------

Net loss for the  
period July 19,  
2002 (Inception)  
through  
December 31,  
2002 (Restated,  
see Note 19)

(508,508)	(508,508)
-----------	-----------

Balance at  
December 31,  
2002 (Restated,  
see Note 19)

-	-	-	-	3,597,600	-	493,300	(508,508)	-	-	-	-	(15,208)
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See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Additional Paid-In Capital	Deficit during the Development Stage	(Restated) Deferred Subscription Receivable	Accumulated Other Comprehensive Loss	(Restated) Total
	Par Value Preferred \$ Shares Amount	Par Value Preferred \$ Shares Amount	Par Value Common \$ Shares Amount	Par Value Additional Paid-In Capital \$	during the Development Stage	Stock Subscription Receivable	Other Comprehensive Loss	Total
Re-issuance of initial founders' shares, July 2003			1,455,000					-
Common stock shares issued for cash:								
Common stock issued for cash on January 3, 2003, at \$.50 per share plus 7,500 warrants			7,500	3,750				3,750
Common stock issued for cash on January 27, 2003, at \$.50 per share plus 6,500 warrants			6,500	3,250				3,250
Common stock issued for cash on			3,100	1,550				1,550

February  
12, 2003, at  
\$.50 per  
share plus  
3,100  
warrants

Common  
stock  
issued for  
cash on  
February  
27, 2003, at  
\$.50 per  
share plus  
6,400  
warrants

	6,400	3,200	3,200
--	-------	-------	-------

Common  
stock  
issued for  
cash on  
March 7,  
2003, at  
\$.50 per  
share plus  
3,100  
warrants

	3,100	1,550	1,550
--	-------	-------	-------

Common  
stock  
issued for  
cash on  
March 21,  
2003, at  
\$.50 per  
share plus  
23,500  
warrants

	23,500	11,750	11,750
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
April 9,  
2003, at  
\$.50 per  
share plus  
4,600  
warrants

	4,600	2,300	2,300
--	-------	-------	-------

Common stock issued for cash on April 30, 2003, at \$.50 per share plus 8,800 warrants	8,800	4,400	4,400
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Common stock issued for cash on May 7, 2003, at \$.50 per share plus 27,400 warrants	27,400	13,700	13,700
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Common stock issued for cash on June 2, 2003, at \$.50 per share plus 29,000 warrants	29,000	14,500	14,500
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See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Additional Paid-In Capital	Deficit (Restated) Accumulated during the Development Stage	(Restated) Accumulated Stock Subscriptions Receivable	(Restated) Accumulated Other Comprehensive Income Loss	(Restated) Total
	Par Value Preferred \$ Share Amount	Par Value Preferred \$ Share Amount	Par Value Common \$ Shares Amount					
Common stock issued for cash on June 5, 2003, at \$.50 per share plus 8,500 warrants			8,500	4,250				4,250
Common stock issued for cash on June 12, 2003, at \$.50 per share plus 4,200 warrants			4,200	2,100				2,100
Common stock issued for cash on July 11, 2003, at \$.50 per share plus 12,800 warrants			12,800	6,400				6,400
Common stock issued for cash on July 25,			8,200	4,100				4,100

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2003, at  
\$.50 per  
share plus  
8,200  
warrants

Common  
stock  
issued for  
cash on  
August 4,  
2003, at  
\$.50 per  
share plus  
6,000  
warrants

	6,000	3,000	3,000
--	-------	-------	-------

Common  
stock  
issued for  
cash on  
August 18,  
2003, at  
\$.50 per  
share plus  
25,500  
warrants

	25,500	12,750	12,750
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
August 19,  
2003, at  
\$.50 per  
share plus  
10,000  
warrants

	10,000	5,000	5,000
--	--------	-------	-------

Common  
stock  
issued for  
cash on  
August 28,  
2003, at  
\$.50 per  
share plus  
14,000  
warrants

	14,000	7,000	7,000
--	--------	-------	-------

	31,000	15,500	15,500
--	--------	--------	--------



Common  
stock  
issued for  
cash on  
September  
16, 2003,  
at \$.50 per  
share plus  
31,000  
warrants

Common  
stock  
issued for  
cash on  
September  
26, 2003,  
at \$.50 per  
share plus  
39,500  
warrants

	39,500	19,750	19,750
--	--------	--------	--------

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Additional Paid-In Capital	Deficit during the Development Stage	(Restated) Deferred Compensa- tion	Stock Subscription Receivable	(Restated) Other Compre- hensive Stock Loss	Total
	Par Value \$	Par Value \$	Par Value \$						
	Shares Amount	Shares Amount	Shares Amount						
Common stock issued for cash on October 10, 2003, at \$.50 per share plus 38,900 warrants			38,900	19,450				19,450	
Common stock issued for cash on October 14, 2003, at \$.50 per share plus 70,000 warrants			70,000	35,000				35,000	
Common stock issued for cash on October 23, 2003, at \$.50 per share plus 4,500 warrants			4,500	2,250				2,250	
Common stock issued for cash on November 3, 2003, at \$.50 per share plus 48,000 warrants			48,000	24,000				24,000	

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Common stock issued for cash on November 18, 2003, at \$.50 per share plus 32,800 warrants	32,800	16,400			16,400
Common stock issued for cash on December 1, 2003, at \$.50 per share plus 23,000 warrants	23,000	11,500			11,500
Common stock issued for cash on December 10, 2003, at \$.50 per share plus 12,500 warrants	12,500	6,250			6,250
Common stock issued for cash on December 17, 2003, at \$.50 per share plus 10,500 warrants	10,500	5,250			5,250
Stock subscriptions receivable, net				(14,340)	(14,340)
Net loss for the year ended December 31, 2003, (Restated, see Note 19)			(203,659)		(203,659)
	-	-	-	-	5,572,400
					-
					753,200
					(712,167)
					-
					(14,340)
					-
					-
					26,693

Balance at  
December 31,  
2003  
(Restated, see  
Note 19)

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See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value Preferred \$	Preferred Stock B Par Value Preferred \$	Common Stock Par Value Common \$	(Restated) Additional Paid-In Capital	Deficit during the Development Stage	(Restated) Deferred Subscription Receivable	Accumulated Other Comprehensive Loss	(Restated) Total
	Shares	Shares	Shares	Amount	Amount	Amount	Amount	Amount
Common stock issued for cash:								
Common stock issued for cash on January 4, 2004, at \$.50 per share plus 32,890 warrants			32,890	16,445				16,445
Common stock issued for cash on January 16, 2004, at \$.50 per share plus 7,020 warrants			7,020	3,510				3,510
Common stock issued for cash on January 28, 2004,			33,000	16,500				16,500

at \$.50  
per share  
plus  
33,000  
warrants

Common  
stock  
issued for  
cash on  
February  
5, 2004,  
at \$.50  
per share  
plus  
60,500  
warrants

	60,500	30,250		30,250
--	--------	--------	--	--------

Common  
stock  
issued for  
cash on  
February  
17, 2004,  
at \$.50  
per share  
plus  
30,000  
warrants

	30,000	15,000		15,000
--	--------	--------	--	--------

Common  
stock  
issued for  
cash on  
March 3,  
2004, at  
\$.50 per  
share plus  
14,610  
warrants

	14,610	7,305		7,305
--	--------	-------	--	-------

Common  
stock  
issued for  
cash on  
March  
16, 2004,  
at \$.50  
per share  
plus  
8,000

	8,000	4,000		4,000
--	-------	-------	--	-------

warrants

Common stock issued for cash on March 19, 2004, at \$.50 per share plus 18,000 warrants	18,000	9,000	9,000
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Common stock issued for cash on March 25, 2004, at \$.50 per share plus 49,500 warrants	49,500	24,750	24,750
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Common stock issued for cash on April 13, 2004, at \$.50 per share plus 19,500 warrants	19,500	9,750	9,750
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Common stock issued for cash on April 23, 2004, at \$.50 per share plus 11,000 warrants	11,000	5,500	5,500
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See accompanying notes to the condensed consolidated financial statements.





Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value \$ Shares	Preferred Stock B Par Value \$ Shares	Common Stock Par Value \$.001 Shares	(Restated) Additional Paid-In Capital	Deficit (Restated) Accumulated during the Development Stage	Deferred Compensation Receivable	Stock Subscription Contract Loss	Other Comprehensive Loss	(Restated) Accumulated	Total
Common stock issued for cash on July 6, 2004, at \$.50 per share plus 538,000 warrants			538,000	317,720						317,720
Common stock issued for cash on July 9, 2004, at \$.50 per share plus 36,500 warrants			36,500	18,250						18,250
Common stock issued for cash on August 13, 2004, at \$.50 per share plus 11,000 warrants			11,000	5,500						5,500
Common stock issued for cash on October 12, 2004, at \$1.50 per share plus 43,000 warrants			43,000	64,500						64,500

warrants

Common  
stock issued  
for cash on  
October 14,  
2004, at  
\$1.00 per  
share plus  
2,000  
warrants

	2,000	2,000	2,000
--	-------	-------	-------

Common  
stock issued  
for cash on  
October 21,  
2004, at  
\$1.00 per  
share plus  
3,125  
warrants

	3,125	3,125	3,125
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Common  
Stock Shares  
issued for  
services  
rendered:

Common  
stock issued  
for services  
rendered on  
October 12,  
2004, at  
\$1.00 per  
share

	545,000	545,000	(545,000)	-
--	---------	---------	-----------	---

Other:

Common  
stock issued  
in exchange  
for real  
estate on  
August 25,  
2004 at  
\$1.00 per  
share plus  
500,000  
warrants

	500,000	500,000	500,000
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Common stock issued in exchange for real estate on September 7, 2004 at \$1.00 per share plus 150,000 warrants	150,000	150,000	150,000
Common stock issued as charitable contribution on October 12, 2004, at \$1.00 per share	50,000	50,000	50,000
Common stock Initial Founder's shares cancelled on October 28, 2004	(250,000)	-	-

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value Preferred Shares	Preferred Stock B Par Value Preferred Shares	Common Stock Par Value Common Shares	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Development Stage	(Restated) Deferred Compensation Receivable	Stock Subscriptions Receivable	Other Comprehensive Loss	(Restated) Accumulated Total
Stock subscriptions receivable, net							(74,240)	(74,240)	
Net loss for the year ended December 31, 2004					(672,219)			(672,219)	
Balance at December 31, 2004	-	-	7,485,045	2,551,305	(1,384,386)	(545,000)	(88,580)	533,339	
Common stock shares issued for cash:									
Common stock issued for cash on January 14, 2005, at \$1.00 per share plus 5,000 warrants			5,000	5,000				5,000	
Common stock issued for cash on January 18, 2005, at \$1.00 per share plus			10,000	10,000				10,000	

10,000  
warrants

Common  
stock issued  
for cash on  
March 2,  
2005, at  
\$1.00 per  
share plus  
25,980  
warrants

	25,980	25,980		25,980
--	--------	--------	--	--------

Common  
stock issued  
for cash on  
March 29,  
2005, at  
\$1.00 per  
share

	2,000	2,000		2,000
--	-------	-------	--	-------

Common  
stock issued  
for cash on  
September  
16, 2005, at  
\$2.00 per  
share plus  
11,500  
warrants

	11,500	23,000		23,000
--	--------	--------	--	--------

Common  
stock issued  
for cash on  
October 5,  
2005, at  
\$2.00 per  
share plus  
5,000  
warrants

	5,000	10,000		10,000
--	-------	--------	--	--------

Common  
stock issued  
for cash on  
October 5,  
2005, at  
\$2.00 per  
share plus  
11,500  
warrants

	11,500	23,000		23,000
--	--------	--------	--	--------

Common stock issued for cash on November 2, 2005, at \$2.00 per share plus 500 warrants	500	1,000	1,000
--	-----	-------	-------

Common stock issued for cash on November 2, 2005, at \$1.00 per share plus 5,000 warrants	5,000	5,000	5,000
---	-------	-------	-------

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Additional Paid-In Capital	Deficit Accumulated (Restated) during the Development Stage	Stock Subscription Receivable	Comprehensive Income Other Loss	(Restated) Accumulated	Total
	Par Value Preferred \$ Shares Amount	Par Value Preferred \$ Shares Amount	Par Value Common \$ Shares Amount						
Common stock issued for cash on November 8, 2005, at \$1.00 per share plus 22,000 warrants			22,000	22,000					22,000
Common stock issued for cash on November 9, 2005, at \$1.00 per share plus 5,000 warrants			5,000	5,000					5,000
Common stock issued for cash on November 18, 2005, at \$2.00 per share plus 97,000 warrants			97,000	96,990					96,990
Common stock			16,000	32,000					32,000

issued for  
cash on  
November  
18, 2005,  
at \$1.00  
per share  
plus  
16,000  
warrants

Common  
stock  
issued for  
cash on  
November  
22, 2005,  
at \$1.00  
per share  
plus 7,000  
warrants

	7,000	7,000	7,000
--	-------	-------	-------

Common  
stock  
issued for  
cash on  
November  
22, 2005,  
at \$2.00  
per share  
plus  
24,835  
warrants

	24,835	49,670	49,670
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
November  
23, 2005,  
at \$2.00  
per share  
plus 2,000  
warrants

	2,000	4,000	4,000
--	-------	-------	-------

Common  
stock  
issued for  
cash on  
November  
30, 2005,  
at \$2.00

	5,000	10,000	10,000
--	-------	--------	--------



per share  
plus 5,000  
warrants

Common stock issued for cash on November 30, 2005, at \$1.00 per share plus 25,000 warrants	25,000	25,000	25,000
---	--------	--------	--------

Common stock issued for cash on December 2, 2005, at \$2.00 per share plus 2,500 warrants	2,500	5,000	5,000
---	-------	-------	-------

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Development Stage	(Restated) Stock Subscription Receivable	Accumulated Other Comprehensive Loss	(Restated) Total
	Par Value Preferred \$ Shares Amount	Par Value Preferred \$ Shares Amount	Par Value Common \$ Shares Amount					
Common stock issued for cash on December 2, 2005, at \$1.00 per share plus 5,000 warrants			5,000	5,000				5,000
Common stock issued for cash on December 6, 2005, at \$2.00 per share plus 2,500 warrants			2,500	5,000				5,000
Common stock issued for cash on December 7, 2005, at \$2.00 per share plus 2,500 warrants			2,500	5,000				5,000
Common stock issued for cash on			25,000	25,000				25,000

December 7, 2005, at \$1.00 per share plus 25,000 warrants			
Common stock issued for cash on December 8, 2005, at \$2.00 per share plus 16,285 warrants	16,285	32,570	32,570
Common stock issued for cash on December 14, 2005, at \$2.00 per share plus 26,850 warrants	26,850	53,700	53,700
Common stock issued for cash on December 16, 2005, at \$1.00 per share plus 13,000 warrants	13,000	13,000	13,000
Common stock issued for cash on December 19, 2005, at \$2.00 per share plus	46,000	92,000	92,000

46,000  
warrants

Common  
stock  
issued for  
cash on  
December  
28, 2005,  
at \$2.00  
per share  
plus  
10,000  
warrants

10,000

20,000

20,000

Common  
stock  
issued for  
cash on  
December  
30, 2005,  
at \$.70 per  
share plus  
338,000  
warrants

84,500

59,423

59,423

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value Preferred Shares Amount	Preferred Stock B Par Value Preferred Shares Amount	Common Stock Par Value Common Shares Amount	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Development Stage	(Restated) Stock Subscriptions Receivable	Accumulated Other Comprehensive Loss	(Restated) Total
Common stock issued for cash on December 30, 2005, at \$2.00 per share plus 6,500 warrants			6,500	13,000				13,000
Common stock issued for cash on December 30, 2005, at \$1.02 per share plus 100,000 warrants			100,000	102,000				102,000
Common stock issued for cash on December 30, 2005, at \$.65 per share plus 85,200 warrants			21,300	13,815				13,815
Common stock			5,000	3,235				3,235

issued for  
cash on  
December  
30, 2005,  
at \$.65 per  
share plus  
20,000  
warrants

Common  
stock  
issued for  
cash on  
December  
30, 2005,  
at \$.73 per  
share plus  
66,000  
warrants

	16,500	12,033	12,033
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
December  
30, 2005,  
at \$.36 per  
share plus  
18,000  
warrants

	4,500	1,610	1,610
--	-------	-------	-------

Common  
stock  
issued for  
cash on  
December  
30, 2005,  
at \$.64 per  
share plus  
60,800  
warrants

	15,200	9,750	9,750
--	--------	-------	-------

Common  
stock  
issued for  
cash on  
December  
30, 2005,  
at \$.99 per  
share plus  
8,000

	2,000	1,985	1,985
--	-------	-------	-------

warrants

Common stock issued for cash on December 30, 2005, at \$.70 per share plus 134,000 warrants	33,500	23,385	23,385
---	--------	--------	--------

Common stock issued for cash on December 31, 2005, at \$1.02 per share plus 26,705 warrants	26,705	61,362	61,362
---	--------	--------	--------

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value Preferred Shares	Preferred Stock B Par Value Preferred Shares	Common Stock Par Value Common Shares	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Development Stage	(Restated) Deferred Compensation Receivable	Stock Subscriptions Receivable	Other Comprehensive Income Loss	(Restated) Accumulated Total
Common Stock Shares issued for services rendered:									
Common stock issued for services rendered on March 11, 2005, at \$1.00 per share, plus 8,000 warrants			8,000	8,000				8,000	
Common stock issued for services rendered on March 21, 2005, at \$1.00 per share, plus 42,000 warrants			42,000	42,000				42,000	
Common stock issued for services rendered on March 29, 2005, at \$1.00 per share, plus 2,000 warrants			2,500	2,500				2,500	
			1,000	1,000				1,000	



Common  
stock issued  
for services  
rendered on  
December 8,  
2005, at \$1.00  
per share, plus  
1,000  
warrants

Other:

Common  
stock issued in  
exchange for  
real estate on  
January  
18, 2005 at  
\$1.00 per  
share plus  
80,800  
warrants

80,800

80,800

80,800

Common  
stock issued  
to Careful Sell  
Holdings,  
LLC to  
acquire  
technology  
with zero  
value on  
February 23,  
2005

7,500,000

-

Common  
stock issued  
to Careful Sell  
Holdings,  
LLC to  
acquire  
technology  
with zero  
value on  
March 29,  
2005

30,000,000

-

Common  
stock issued  
for payment  
of debts on

1,087

1,087

1,087

March 11,  
2005, at \$1.00  
per share plus  
1,087  
warrants

Stock  
subscriptions  
receivable,  
net

10,398 10,398

Amortization  
of deferred  
compensation

109,000 109,000

Net loss for  
the year ended  
December 31,  
2005

(1,291,169) (1,291,169)

Balance at  
December 31,  
2005

- - - - 45,866,087 - 3,601,200 (2,675,555) (436,000) (78,182) - - 411,463

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Development Stage	(Restated) Stock Subscription Receivable	Accumulated Other Comprehensive Loss	(Restated) Total
	Par Value Preferred \$ Shares Amount	Par Value Preferred \$ Shares Amount	Par Value Common \$ Shares Amount					
Common stock issued for cash:								
Common stock issued for cash on January 9, 2006, at \$1.18 per share plus 61,000 warrants			61,000	72,000				72,000
Common stock issued for cash on January 19, 2006, at \$2.00 per share plus 3,000 warrants			3,000	6,000				6,000
Common stock issued for cash on January 23, 2006, at \$2.00			2,500	5,000				5,000

per share  
plus  
2,500  
warrants

Common  
stock  
issued for  
cash on  
January  
26, 2006,  
at \$2.00  
per share  
plus  
29,500  
warrants

	29,500	59,000	59,000
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
January  
27, 2006,  
at \$2.00  
per share  
plus  
11,100  
warrants

	11,100	22,200	22,200
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
January  
31, 2006,  
at \$2.00  
per share  
plus  
15,000  
warrants

	15,000	30,000	30,000
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
February  
1, 2006,  
at \$1.00  
per share  
plus  
2,000

	2,000	2,000	2,000
--	-------	-------	-------

warrants

Common stock issued for cash on February 2, 2006, at \$2.00 per share plus 1,000 warrants	1,000	2,000	2,000
---	-------	-------	-------

Common stock issued for cash on February 2, 2006, at \$2.00 per share plus 6,000 warrants	1,500	3,000	3,000
---	-------	-------	-------

Common stock issued for cash on February 6, 2006, at \$2.00 per share plus 10,000 warrants	10,000	20,000	20,000
--	--------	--------	--------

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

Preferred Stock A	Preferred Stock B	Common Stock	(Restated)	Deficit	(Restated)					
Par Value	Par Value	Par Value	Additional	during the	Deferred	Stock	Accumulated			
Preferred \$	Preferred \$	Common \$	Paid-In	Development	Compensation	Subscription	Treasury	Other	Comprehensive	
Shares	Shares	Shares	Capital	Stage	Receivable	Stock	Stock	Loss		

100,000                      100,000

26,000                      8,125

10,000                      10,000

15,000                      30,000

200,000      200,000

10,000      20,000

50,000      50,614

2,000      4,000

---

15,500	15,500
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15,000	30,000
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25,000	25,000
--------	--------

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2,500	2,500
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See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

Preferred Stock A	Preferred Stock B	Common Stock	(Restated)	Deficit	(Restated)			Accumulated
Par Value	Par Value	Par Value	Additional	during the	Deferred	Stock	Treasury	Accumulated
Preferred	Preferred	Common	Paid-In	Development	Compensation	Subscription	Stock	Other
\$	\$	\$	Capital	Stage	Receivable	Receivable	Stock	Comprehensive
Shares	Shares	Shares						Loss
Amount	Amount	Amount						
		154,000		55,175				
		11,800		23,600				
		1,000		2,000				

8,000 16,000

2,200 4,400

500 1,000

750 1,500

2,500 5,000

600,000	600,000
---------	---------

6,436	3,148
-------	-------

1,000	1,000
-------	-------

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
 (A Development Stage Company)  
 Consolidated Statements of Stockholders' Equity (Deficit)

Preferred Stock A	Preferred Stock B	Common Stock	(Restated) Deficit		Accumulated	Stock	Treasury	Comprehensive
			Additional	during the				
Par Value	Par Value	Par Value	Paid-In	Development	Capital	Subscription	Stock	Loss
Preferred	Preferred	Common	Capital	Stage	Capital	Receivable	Stock	Loss
Shares	Shares	Shares	Capital	Stage	Capital	Receivable	Stock	Loss
\$	\$	\$	Capital	Stage	Capital	Receivable	Stock	Loss
Amount	Amount	Amount	Capital	Stage	Capital	Receivable	Stock	Loss
		8,000		16,000				
		19,500		39,000				
		11,800		11,800				
		1,250		2,500				

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15,000

14,990

25,000

12,485

2,500

5,000

24,000

24,000

1,900 3,800

250 500

25,000 25,000

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock A Par Value Preferred \$	Preferred Stock B Par Value Preferred \$	Common Stock Par Value Common \$	(Restated) Additional Paid-In Capital	Deficit Accumulated during the Stage	(Restated) Deferred Subscription Receivable	Accumulated Other Comprehensive Loss	(Restated) Total
	Shares Amount	Shares Amount	Shares Amount	Capital	Stage	Receivable	Stock Loss	Total
Common stock issued for cash on July 17, 2006, at \$1.02 per share plus 872,000 warrants			436,000	445,000				445,000
Common stock issued for cash on July 27, 2006, at \$2.00 per share plus 2,250 warrants			2,250	4,500				4,500
Common stock issued for cash on July 28, 2006, at \$1.00 per share plus 10,000 warrants			10,000	10,000				10,000
Common stock issued for cash on August 4,			50,000	99,961				99,961



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2006, at \$2.00 per share plus 100,000 warrants			
Common stock issued for cash on August 14, 2006, at \$1.00 per share plus 160,000 warrants	160,000	160,000	160,000
Common stock issued for cash on August 14, 2006, at \$2.00 per share plus 100,000 warrants	50,000	99,961	99,961
Common stock issued for cash on August 30, 2006, at \$1.00 per share	3,200	3,200	3,200
Common stock issued for cash on September 13, 2006, at \$1.00 per share plus 14,500 warrants	14,500	14,500	14,500
Common stock	50,000	50,000	50,000

issued for  
cash on  
September  
14, 2006,  
at \$1.00  
per share  
plus  
50,000  
warrants

Common  
stock  
issued for  
cash on  
September  
14, 2006,  
at \$.35 per  
share plus  
863,200  
warrants

	431,600	288,207	288,207
--	---------	---------	---------

Common  
stock  
issued for  
cash on  
September  
15, 2006,  
at \$1.00  
per share  
plus  
77,510  
warrants

	47,150	47,510	47,510
--	--------	--------	--------

Common  
stock  
issued for  
cash on  
September  
15, 2006,  
at \$2.00  
per share  
plus 1,600  
warrants

	1,600	3,200	3,200
--	-------	-------	-------

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock		Common Stock		(Restated)	Deficit		(Restated)	(Restated)	
	Preferred Stock A	Preferred Stock B	Common	Common	Additional	Accumulated	Accumulated	Stock	Other	Total
	Par Value	Par Value	Par Value	Par Value	Paid-In	during the	Deferred	Subscriptions	Comprehensive	
	\$	\$	\$	\$	Capital	Development	Compensation	Receivable	Income	
	Shares	Shares	Shares	Amount		Stage			Loss	
Common Stock										
Shares issued										
for services										
rendered:										
Common stock										
issued for										
services										
rendered, on										
September 22,										
2006, at \$1.04										
per share plus										
\$.03										
Shares			14,123			14,746				14,746
Common stock										
issued for										
services										
rendered to old										
company's										
shareholder,										
on										
September										
2006, at										
\$1.04										
per share			25,000	25		49,975				50,000
Shares										
Common stock										
issued in										
exchange for										
equity										
interest in										
the state of										
California										
on										
September										
2006, at										
\$1.04										
per share,										
plus										
\$.03										
Shares			22,500			45,000				45,000

non issued conversion GRC 's debt on mber 26, at ximately per share			2,681,837	2,682	118,000			120
riptions reable, net							(582,511)	(582)
ss red ensation o adoption AS (R)					(436,000)	436,000		
rtization ferred ensation					109,000			109
t of e merger mber 22,			72,241	48,761	(169,444)			(120)
non and ferred Stock ed for er with elstream nc. on mber 31, at \$0.26 are plus 5,867 nts	35,236,188	35,236	11,145,255	11,145	3,310,274	(10,498)		3,346
ellation of s for er with elstream, n mber 28,			(37,500,000)	(37,500)	37,500			
					(16,139,529)			(16,139)

Classification  
 derivative  
 liability on  
 balance sheet

Loss for the  
 period ended  
 December 31,

(5,010,541)

(5,010,541)

Balance at  
 December 31,

35,236,188 35,236 - - (25,113,329) 25,113 (6,648,402) (7,696,594)

- (660,693) - - (14,945,000)

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity (Deficit)

			(Restated) Deficit			(Restated)		
	Preferred Stock A Par Value	Preferred Stock B Par Value	Common Stock Par Value	Additional Paid-In Capital	Accumulated during the Development Stage	Deferred Subscription Receivable	Accumulated Other Comprehensive Income	Total
	Shares Amount \$	Shares Amount \$	Shares Amount \$	Shares Amount \$	Shares Amount \$	Shares Amount \$	Shares Amount \$	Shares Amount \$
Common stock issued for cash :								
Common stock issued for cash on January 29, 2007, at \$0.30 per share			8,000	8	2,392			2,400
Common stock issued for cash on February 2, 2007, at \$0.30 per share			3,500	4	1,046			1,050
Common stock issued for cash on February 21, 2007, at \$0.30 per share			6,000	6	1,794			1,800
Common stock issued for cash on March 7,			186,822	187	201,156			201,343

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2007, at  
\$1.08 per  
share

Common  
stock  
issued for  
cash from  
April 2,  
2007, at  
\$0.32 per  
share

	88,800	89	28,327	28,416
--	--------	----	--------	--------

Common  
stock  
issued for  
cash from  
April 23,  
2007, at  
\$0.32 per  
share

	66,500	67	21,213	21,280
--	--------	----	--------	--------

Common  
stock  
issued for  
cash from  
April 30,  
2007, at  
\$0.32 per  
share

	47,500	48	15,152	15,200
--	--------	----	--------	--------

Common  
stock  
issued for  
cash from  
May 7,  
2007, at  
\$0.32 per  
share

	9,100	9	2,903	2,912
--	-------	---	-------	-------

Common  
stock  
issued for  
cash from  
May 14,  
2007, at  
\$0.32 per  
share

	39,900	40	12,728	12,768
--	--------	----	--------	--------

Common  
stock

	56,588	57	18,051	18,108
--	--------	----	--------	--------

issued for  
cash from  
May 21,  
2007, at  
\$0.32 per  
share

Common  
stock  
issued for  
cash from  
May 29,  
2007, at  
\$0.32 per  
share

39,000	39	12,441	12,480
--------	----	--------	--------

Common  
stock  
issued for  
cash from  
June 4,  
2007, at  
\$0.32 per  
share

19,873	20	6,339	6,359
--------	----	-------	-------

Common  
stock  
issued for  
cash from  
June 11,  
2007, at  
\$0.32 per  
share

113,703	114	34,621	34,735
---------	-----	--------	--------

Common  
stock  
issued for  
cash from  
June 25,  
2007, at  
\$0.32 per  
share

18,600	19	5,933	5,952
--------	----	-------	-------

See accompanying notes to the condensed consolidated financial statements.



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Global Resource Corporation

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity (Deficit)

					(Restated)	(Restated)				(Restated)
	Preferred Stock A	Preferred Stock B	Common Stock	Common Stock	Additional Paid-In	Deficit Accumulated during the	Stock Subscriptions	Accumulated Other Comprehensive		
	Par Value	Par Value	Par Value	Par Value	Capital	Stage	Receivable	Income	Loss	Total
	Preferred \$	Preferred \$	Common Shares	Common Shares	Capital	Stage	Receivable	Income	Loss	Total
Common stock issued for cash on October 25, 2007, at \$2.00 per share			2,500	2	4,998					5,000
Common stock issued for cash on December 20, 2007, at \$1.00 per share plus 625,000 warrants			1,000,000	1,000	999,000					1,000,000
Common Stock Shares issued for services rendered:										
Common stock issued for services rendered, on March 19, 2007, at \$1.00 per share			5,000	5	4,995					5,000

Common stock issued for services rendered, on March 19, 2007, at \$0.50 per share	20,000	20	9,980	10,000
Common stock issued for services rendered, on March 20, 2007, at \$0.50 per share	11,000	11	10,989	11,000
Common stock issued to employee for services rendered, on April 20, 2007, at \$1.38 per share	250,000	250	344,750	345,000
Common stock issued for services rendered, on May 30, 2007, at \$1.05 per share	3,417	3	3,301	3,304
Common stock issued to employee for services rendered, on June 1, 2007, at	194,500	195	264,325	264,520

\$1.36 per  
share

Common stock issued for services rendered, on July 9, 2007, at \$1.00 per share	4,700	4	4,696	4,700
---	-------	---	-------	-------

Common stock issued for services rendered, on July 18, 2007, at \$0.80 per share	37,500	37	29,963	30,000
--	--------	----	--------	--------

Common stock issued to employee for services rendered, on August 1, 2007, at \$4.43 per share	100,000	100	442,900	443,000
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Common stock issued to employee for services rendered, on August 19, 2007, at \$4.50 per share	250,000	250	1,124,750	1,125,000
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See accompanying notes to the condensed consolidated financial statements.

Edgar Filing: Global Resource CORP - Form 10-Q

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

					(Restated)	(Restated)				(Restated)
	Preferred Stock A	Preferred Stock B	Common	Stock Par	Additional	Deficit Accumulated during	Stock	Accumulated		
	Par Value	Par Value	Common	Par Value	Paid-In	the	Subscriptions	Other		
	Preferred	Preferred	Common	Common	Development	Stage	Receivables	Comprehensive		
	Shares	Shares	Shares	Amount	Capital	Compensation	Stock	Loss		Total
	Amount	Amount		\$						
Common stock issued for services rendered, on August 30, 2007, at \$2.27 per share			3,745	3	8,497					8,500
Common stock issued for services rendered, on August 30, 2007, at \$0.69 per share			30,041	30	20,698					20,728
Common stock issued for services rendered, on August 31, 2007, at \$3.41 per share			1,000	1	3,409					3,410
Common stock issued for services rendered, on August 31, 2007, at \$3.41 per			10,000	10	34,090					34,100

share

Common stock issued for services to be performed, service valued on August 31, 2007, at \$3.41 per share	350,000	350	1,193,150	1,193,500
--	---------	-----	-----------	-----------

Common stock issued for services to be performed, service valued on September 14, 2007, at \$2.29 per share	150,000	150	343,350	343,500
---	---------	-----	---------	---------

Common stock issued to employee for services rendered, on October 1, 2007, at \$2.60 per share	300,000	300	779,700	780,000
--	---------	-----	---------	---------

Common stock issued for services to be performed, service valued on October 02, 2007, at \$2.47 per share	350,000	350	864,150	864,500
---	---------	-----	---------	---------

Common stock issued for services to be performed, service valued on October 02, 2007, at \$2.40 per share	75,000	75	179,926	180,001
---	--------	----	---------	---------

Common stock issued for services rendered, on October 9, 2007, at \$2.69 per share	47,579	47	127,703	127,750
--	--------	----	---------	---------

See accompanying notes to the condensed consolidated financial statements.

Edgar Filing: Global Resource CORP - Form 10-Q

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

				(Restated)	(Restated)	(Restated)		
	Preferred Stock A Par Value Preferred Shares Amount	Preferred Stock B Par Value Preferred Shares Amount	Common Stock Par Value Common Shares Amount	Additional Paid-In Capital	Deficit Accumulated during the Stage	Stock Subscriptions Receivable	Accumulated Other Comprehensive Loss	Total
Common stock issued to employee for services rendered, on October 22, 2007, at \$1.86 per share			50,000	50	92,950			93,000
Common stock issued for services rendered, on October 29, 2007, at \$2.25 per share			150,000	150	337,350			337,500
Common stock issued for services rendered, on November 9, 2007, at \$3.23 per share			130,000	130	419,770			419,900
Common stock issued for services rendered,			50,000	50	174,950			175,000

on  
November  
19, 2007,  
at \$3.50  
per share

Common  
stock  
issued for  
services  
rendered,  
on  
November  
26, 2007,  
at \$3.01  
per share

	30,000	30	90,270	90,300
--	--------	----	--------	--------

Common  
stock  
issued for  
services  
rendered,  
on  
December  
3, 2007, at  
\$2.00 per  
share

	45,094	45	89,955	90,000
--	--------	----	--------	--------

Common  
stock  
issued for  
services  
rendered,  
on  
December  
4, 2007, at  
\$3.15 per  
share

	50,000	50	157,450	157,500
--	--------	----	---------	---------

Common  
stock  
issued for  
services  
rendered,  
on  
December  
11, 2007,  
at \$2.50  
per share

	200,000	200	499,800	500,000
--	---------	-----	---------	---------

See accompanying notes to the condensed consolidated financial statements.





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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

					(Restated)		(Restated)				(Restated)
	Preferred Stock A	Preferred Stock B	Common Stock			Deficit		Accumulated		Accumulated	
	Par Value	Par Value	Par Value								
Preferred	\$.001	Preferred \$.001	Common \$.001		Additional	during the	Stock	Treasury	Other	Comprehensive	
Shares	\$ Amount	Share Amount	Shares	Amount	Paid-In Capital	Development Stage	Subscription Receivable	Stock	Loss		Total
Common stock for shares issued, on November 17, at \$1.446 per share			400,000	400	578,052						578,052
Common stock for shares issued, on November 17, at \$2.50 per share			100,000	100	249,900						249,900
Common stock for shares issued, on November 18, at \$3.02 per share			50,000	50	150,950						150,950
Common stock for shares issued, on November 21, at \$3.00 per share			40,000	40	119,960						119,960
Common stock for shares issued, on November 27, at \$3.10 per share			50,000	50	154,950						154,950

are

Preferred Stock																						
Shares issued																						
Settlement																						
Prices	1,000	1						399,999													40	
treasury stock, used from officer y 17, at \$.70 are							(94,961)														(66,473)	(6
Options																						
Available, net																						47
Conversion																						
Preferred Conversion																						10
Classification																						
Alternative y into onal paid tal due cellation rants																						
Loss for the ended ber 31, Restated, ote 20)																						
Balance at ber 31, Restated, ote 20)	35,236,188	35,236	1,000	1	30,263,330	30,358	6,328,170	(14,274,925)	-	(185,693)	(66,473)	-	(8,13									

See accompanying notes to the condensed consolidated financial statements.

Edgar Filing: Global Resource CORP - Form 10-Q

Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

					(Restated)	(Restated)			(Restated)
	Preferred Stock A	Preferred Stock B	Common Stock	Common Stock	Additional Paid-In Capital	Deficit during the Development Stage	Stock Subscriptions	Accumulated Other Comprehensive Income	Total
	Par Value \$	Par Value \$	Par Value \$	Par Value \$					
	Shares	Shares	Shares	Amount	Capital	Stock	Ratio	Stock Loss	
Common stock shares issued for cash :									
Common stock issued for cash on February 19, 2008, at \$2.00 per share			17,000	17	33,983				34,000
Common stock issued for cash on March 5, 2008, at \$1.61 per share			31,057	31	49,969				50,000
Common stock issued for cash on March 18, 2008, at \$1.00 per share, plus 850,669 warrants			850,669	851	849,818				850,669
Common stock issued for cash on March 26, 2008, at \$1.00 per share, plus 1,138,500 warrants			1,138,500	1,138	1,137,362				1,138,500
Common stock issued for cash on March 26, 2008, at \$1.18 per share			9,000	9	10,611				10,620
Common stock issued for cash on April 1, 2008, at \$1.00 per share,			3,387,980	3,388	3,384,593				3,387,981

plus 3,387,980  
warrants

Common stock issued for cash on April 11, 2008, at \$1.11 per share, plus 1,929,775 warrants	1,929,775	1,930	2,148,662	2,150,592
---	-----------	-------	-----------	-----------

Common stock issued for cash on April 25, 2008, at \$1.19 per share, plus 1,487,139 warrants	1,487,139	1,487	1,771,366	1,772,853
---	-----------	-------	-----------	-----------

Common stock issued for cash on May 15, 2008, at \$1.10 per share plus 39,100 warrants	39,100	39	42,891	42,930
--	--------	----	--------	--------

Common stock issued for cash on June 12, 2008, at \$1.00 per share, plus 236,909 warrants	236,909	237	236,672	236,909
--	---------	-----	---------	---------

Common stock issued for cash on June 23, 2008, at \$1.00 per share	250,000	250	249,750	250,000
---	---------	-----	---------	---------

Common stock issued for cash on July 1, 2008, at \$1.00 per share, plus 391,730 warrants	391,730	392	391,338	391,730
---	---------	-----	---------	---------

Common stock issued for cash on July 21, 2008, at \$1.00 per share, plus 73,480 warrants	73,480	73	73,407	73,480
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See accompanying notes to the condensed consolidated financial statements.



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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

			(Restated)			(Restated)			(Restated)
	Preferred Stock A	Preferred Stock B	Common Stock	Par Value	Additional Paid-In	Deficit Accumulated during the	Stock Subscription	Accumulated Other Comprehensive	Total
	Par Value	Par Value	Common	Value	Capital	Development Stage	Receivable	Loss	
	\$	\$	Shares	\$					
	Shares	Amount	Amount	Amount	Capital	Stage	Receivable	Loss	Total
Common stock issued for cash on August 21, 2008, at \$.88 per share			10,000	10	8,740				8,750
Common stock issued for cash on September 4, 2008, at \$1.04 per share			13,867	14	14,384				14,398
Common stock issued for cash on September 29, 2008, at \$1.00 per share			1,723,844	1,724	1,722,120				1,723,844
Common stock issued for cash on October 7, 2008, at \$1.00 per share			497,375	497	496,878				497,375
Common stock			7,500	8	7,492				7,500

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issued for cash on October 7, 2008, at \$1.00 per share

Common stock issued for cash on October 10, 2008, at \$1.00 per share

10,000	10	9,990	10,000
--------	----	-------	--------

Common stock issued for cash on October 15, 2008, at \$1.00 per share, plus 2,500 warrants

241,000	241	240,359	240,600
---------	-----	---------	---------

Common stock issued on December 16, 2008, at \$0 per share

850,000	850	1,089	1,939
---------	-----	-------	-------

Common stock shares issued for services rendered:

Common stock issued for services rendered, on February 1, 2008, at \$2.95 per

100,000	100	294,900	295,000
---------	-----	---------	---------



share

Common stock issued for services rendered, on February 6, 2008, at \$2.63 per share	150,000	150	394,350	394,500
Common stock issued for services rendered, on February 13, 2008, at \$2.39 per share	12,500	13	29,862	29,875
Common stock issued for services rendered, on February 15, 2008, at \$2.42 per share	20,000	20	48,380	48,400
Common stock issued for services rendered, on February 28, 2008, at \$2.15 per share	25,000	25	53,725	53,750
Common stock issued for services rendered,	175,000	175	383,075	383,250

on  
February  
29, 2008,  
at \$2.19  
per share

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

				(Restated)	(Restated)	(Restated)	
	Preferred Stock A	Preferred Stock B	Common Stock	Additional Paid-In Capital	Deficit Accumulated during the period	Stock Subscriptions Receivable	Accumulated Other Comprehensive Loss
	Par Value	Par Value	Par Value	Paid-In	the	Subscription	Comprehensive
	\$	\$	\$	Capital	Stage	Receivable	Loss
	Shares	Shares	Shares			Stock	Total
Common stock issued for services rendered, on March 14, 2008, at \$2.10 per share			5,000	5	10,495		10,500
Common stock issued for services rendered, on March 18, 2008, at \$1.60 per share			30,000	30	47,970		48,000
Common stock issued for services rendered, on March 19, 2008, at \$1.60 per share			20,000	20	31,980		32,000
Common stock issued for services rendered, on March 31, 2008, at \$1.90 per share			350,000	350	664,650		665,000

per share

Common stock issued for services rendered, on April 1, 2008, at \$1.95 per share	70,000	70	136,430	136,500
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Common stock issued for penalty, on April 2, 2008, at \$1.84 per share	50,000	50	91,950	92,000
--	--------	----	--------	--------

Common stock issued for services rendered, on April 4, 2008, at \$1.90 per share	20,000	20	37,980	38,000
--	--------	----	--------	--------

Common stock issued for services rendered, on April 4, 2008, at \$1.90 per share	1,066,666	1,067	2,025,598	2,026,665
--	-----------	-------	-----------	-----------

Common stock issued for services rendered, on April 14, 2008, at \$3.05 per share	150,000	150	457,350	457,500
---	---------	-----	---------	---------

Common  
stock  
issued for  
services  
rendered,  
on April  
29, 2008,  
at \$3.07  
per share

883,333      883      2,710,950

2,711,833

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

					(Restated)	(Restated)			(Restated)
	Preferred Stock A	Preferred Stock B	Common Stock	Common Stock	Additional Paid-In Capital	Deficit Accumulated during the Stage	Stock Subscription Receivable	Accumulated Other Comprehensive Loss	Total
	Par Value Preferred Shares Amount \$	Par Value Preferred Shares Amount \$	Common Shares	Par Value \$.001 Amount \$					
Common stock issued for services rendered, on May 7, 2008, at \$2.55 per share			1,000,000	1,000	2,549,000				2,550,000
Common stock issued for services rendered, on May 12, 2008, at \$2.65 per share			20,000	20	52,980				53,000
Common stock issued for services rendered, on May 13, 2008, at \$2.79 per share			50,000	50	139,450				139,500
Common stock issued for services rendered, on June 3, 2008, at \$2.10 per share			150,000	150	314,850				315,000

per share

Common stock issued for services rendered, on June 11, 2008, at \$2.25 per share	88,750	89	199,599	199,688
--	--------	----	---------	---------

Common stock issued for services rendered, on June 13, 2008, at \$2.25 per share	125,000	125	281,125	281,250
--	---------	-----	---------	---------

Common stock issued for penalty to "POOF", on June 30, 2008, at \$2.09 per share	650,000	650	1,357,850	1,358,500
--	---------	-----	-----------	-----------

Common stock issued for services rendered, on July 14, 2008, at \$1.66 per share	200,000	200	331,800	332,000
--	---------	-----	---------	---------

Common stock issued for services rendered, on July 25, 2008, at \$1.40 per share	75,000	75	104,925	105,000
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Common stock issued for services rendered, on August 8, 2008, at \$1.03 per share	75,000	75	77,175	77,250
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See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

				(Restated)	(Restated)	(Restated)	
	Preferred Stock A	Preferred Stock B	Common Stock	Additional Paid-In Capital	Deficit Accumulated during the Development Stage	Accumulated Other Comprehensive Income	
	Par Value	Par Value	Par Value				
	\$	\$	\$				
	Shares	Shares	Shares	Capital	Stage	Stock	
	Amount	Amount	Amount			Loss	
						Total	
Common stock issued for services rendered, on August 25, 2008, at \$1.25 per share			6,000	6	7,494		7,500
Common stock issued for services rendered, on September 8, 2008, at \$.96 per share			1,500,000	1,500	1,438,500		1,440,000
Common stock issued for services rendered, on October 7, 2008, at \$1.49 per share			100,000	100	148,900		149,000
Common stock issued for services rendered, on October 15, 2008,			60,000	60	74,940		75,000

at \$1.25  
per share

Common  
stock  
issued for  
services  
rendered,  
on October  
20, 2008,  
at \$1.50  
per share

125,000	125	187,375	187,500
---------	-----	---------	---------

Common  
stock  
issued for  
services  
rendered,  
on October  
24, 2008,  
at \$1.37  
per share

100,000	100	136,900	137,000
---------	-----	---------	---------

Common  
stock  
issued for  
services  
rendered,  
on October  
31, 2008,  
at \$1.55  
per share,  
plus  
300,000  
warrants

150,000	150	232,350	232,500
---------	-----	---------	---------

Common  
stock  
issued for  
services  
rendered,  
on  
December  
16, 2008,  
at \$1.35  
per share

12,600	13	16,997	17,010
--------	----	--------	--------

Common  
stock  
issued for  
services

100,000	100	107,900	108,000
---------	-----	---------	---------

rendered,  
on  
December  
18, 2008,  
at \$1.08  
per share

Common  
stock  
issued to  
employees  
for  
services  
rendered,  
on June 26,  
2008, at  
\$2.08 per  
share

7,500	8	16,632	16,640
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See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

					(Restated)	(Restated)			(Restated)
	Preferred Stock A	Preferred Stock B	Common Stock	Common Stock	Additional Paid-In Capital	Deficit Accumulated during the Period	Stock Subscriptions Receivable	Accumulated Other Comprehensive Income	Total
	Par Value Preferred Shares Amount	Par Value Preferred Shares Amount	Par Value Common Shares Amount	Par Value Common Shares Amount	Capital	Stock	Receivable	Loss	Total
Common stock warrants and option activity:									
Common Stock Warrants issued for services (BOD) on February 7, 2008, at \$2.43 per share (6,000 warrants)					21,870				21,870
Common Stock Warrants issued for services (BOD) on May 21, 2008, at \$2.47 per share (9,000 warrants)					14,795				14,795
Common Stock Warrants issued for services (BOD) on September 23, 2008, at \$2.25 per share (25,000 warrants)					50,000				50,000

Common Stock Warrants issued for services (BOD) on November 13, 2008, at \$1.35 per share (20,000 warrants)			24,600		24,600
Common Stock Warrants issued for services to non-employee on September 3, 2008, at \$2.75 per share (76,500 warrants)			78,030		78,030
Common Stock Warrants issued for services to non-employee on October 1, 2008, at \$1.36 per share (300,000 warrants)			102,285		102,285
Common Stock Warrants exercised cashless by Nutmeg/Black Diamond on April 2, 2008, at \$1.84 per share	58,478	58	(58)		-
Common Stock Warrants	66,011	66	(66)		-

exercised  
cashless by  
Nutmeg/Black  
Diamond on  
April 2, 2008,  
at \$1.84 per  
share

Common  
Stock

Warrants  
exercised

cashless by  
POOF on July  
3, 2008, at  
\$1.42 per share

325,957 326 (326)

-

Common  
Stock Options  
issued to  
employee  
on October 1,  
2008, at fair  
value of \$1.04  
per share

1,040,000

1,040,000

See accompanying notes to the condensed consolidated financial statements.

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Global Resource Corporation  
(A Development Stage Company)  
Consolidated Statements of Stockholders' Equity (Deficit)

Preferred Stock A	Preferred Stock B	Common Stock	(Restated)		(Restated)		Treasury Stock	Accumulated		
			Additional Paid-In Capital	Deficit during the Development Stage	Deferred Compensation	Stock Subscription Receivable			Other Comprehensive Loss	
Par Value \$	Par Value \$	Par Value \$	Shares	Par Value \$	Capital	Stage	Compens	Receivable	Stock	Loss
(1,791,064)	(1,791)		895,532	895	896					
(33,440,124)	(33,440)		16,720,062	16,720	16,720					
			(6,600,000)						(1,650,000)	
					(130,518)			185,693		

(142,31

(819,01

(114,07

837,85

218,000

(15,495,349)

5,000 \$ 5 - \$ - 62,854,203 \$ 69,549 \$ 35,842,053 \$ (29,770,274) \$ - \$ - \$ (1,716,473) \$ (237,55

See accompanying notes to the condensed consolidated financial statements.





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Global Resource Corporation

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity (Deficit)

	Preferred Stock		Common Stock		(Restated)		(Restated)		(Restated)	
	Preferred Stock A	Preferred Stock B	Common	Common	Additional Paid-In	Deficit Accumulated	Stock Subscriptions	Treasury	Other Comprehensive	Total
	Par Value	Par Value	Par Value	Par Value		during the Development Stage	Reserve		Loss	
	Shares	Shares	Shares	\$Amount	Capital	Completion	Reserve	Stock	Loss	Total
Common stock issued for services rendered:										
Common stock issued for services rendered, on Jan. 2009, at \$0.7 per share			60,000	60	70,140					70,140
Common stock issued for services rendered, on Feb 2009, at \$0.70 per share			15,000	15	19,485					19,485
Common stock issued for services rendered, on March 2009, at \$0.75 per share			19,041	19	23,731					23,731
Common stock grants and stock option activity:										
Common Stock grants issued					25,787					25,787

services Employees an. 2, 2009, .50						
Common Stock warrants issued services Employees Feb. 18, , at \$2.50					31,666	31,
Common Stock warrants issued services Employees March 2, , at \$1.02					9,103	9,
Common Stock warrants issued services (D) on March 27, 2009, .04					27,119	27,
Common Stock warrants conversion warrants issued services Employees October 31, , at \$1.58					102,285	102,
Record Common Stock conversion expense options related to employee October 1, , at fair value of \$1.04 share					260,000	260,
Pr:						
Preferred stock converted to Common stock	(5,000)	(5)	2,500	2	3	

January 6,																						
word other																						
prehensive																						
- unrealized																						
recorded at																						
ch 31, 2009											(312,891)		(312,									
oss for the																						
nd ended																						
ch 31, 2009											(1,697,362)		(1,697,									
nce at																						
ch 31, 2009	-	\$	-	-	\$	-	62,950,703	\$	69,645	\$	36,411,372	\$	(31,467,636)	\$	-	-	\$	(1,716,473)	\$	(550,441)	\$	2,746,

See accompanying notes to the condensed consolidated financial statements.

Global Resource Corporation  
(A Development Stage Company)  
Notes to the Condensed Consolidated Financial Statements  
March 31, 2009

NOTE 1 – NATURE OF BUSINESS AND BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and should be read in conjunction with the consolidated financial statements of Global Resources Corporation included in form 10-K for the year ending December 31, 2008. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2009 are not necessarily indicative of the results that maybe expected for the year ended December 31, 2009.

Nature of Business

Global Resource Corporation's ("GRC" or, "the Company") business plan is to research, develop and market the business of decomposing petroleum-based materials by subjecting them to a fixed-frequency microwave radiation (the "Technology") at specifically selected frequencies for a time sufficient to at least partially decompose the materials, converting the materials into hydrocarbons and fossil fuels from sources such as tires, oil shale, capped wells, shale deposits and waste oil streams.

The Company's business goals for exploitation of the Technology are as follows:

- 1) The design, manufacture and sale of machinery and equipment units, embodying the Technology.
- 2) The ownership and operation of plants to use the Technology in conjunction with other investors.
- 3) The formation of Joint-Venture relationships with established companies.

The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises". The Company has devoted substantially all of its efforts to business planning and development, as well as allocating a substantial portion of its time and resources in bringing its product to the market and the raising of capital. The Company has not commenced any commercial operations as of December 31, 2008.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC")

Prior to September 22, 2006, the old GRC (shell) was a shell company ("old GRC (shell)").

On September 22, 2006, the old GRC shell completed the acquisition of Carbon Recovery Corporation ("CRC"), a New Jersey corporation formed on July 19, 2002, pursuant to a July 2006 plan and agreement of reorganization ("CRC Acquisition Agreement").



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NOTE 1- NATURE OF BUSINESS AND BASIS OF PRESENTATION (CONTINUED)

Basis of Presentation (continued)

On December 31, 2006, the Company completed the acquisition of Mobilestream Oil, Inc. ("Mobilestream") in a transaction deemed to be a merger of entities under common control.

Each of the foregoing transactions changed the reporting entity of the Company. As a result of the CRC transaction, the Company's reporting reflected the historical accounts of CRC. Subsequently, as a result of the Mobilestream transaction, the Company's financial statements were combined with Mobilestream on an "as-if" pooling basis since the date common control was established. As a result of a February 2006 recapitalization transaction between Mobilestream, legal acquirer, and PSO Enterprises, Inc. ("PSO") (surviving corporation of a January 2006 merger with a related party, Careful Sell Holdings, LLC ("Careful Sell"), accounting acquirer, common control was established at February 17, 2005, the inception date of Careful Sell.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 could differ from those estimates.

Short Term Investments

Cash in excess of operating requirements is invested in marketable debt and equity securities, all of which are classified as available for sale, and are carried at their fair value. The unrealized gains or losses of these investments, which are deemed to be temporary in nature are recorded as part of accumulated other comprehensive income (loss), are included in the consolidated statement of stockholders' equity. Realized gains or loss and declines in value judged to be other-than-temporary on these investments are recognized as realized gains or losses in the consolidated statements of operations and comprehensive income (loss).

Patents

Legal fees associated with patents, which are expected to be issued are recorded as prepaid patent costs on the accompanying consolidated balance sheets. Upon approval by the relevant patent office, the prepaid patent costs will be reclassified to an intangible asset, and amortized over the expected life of the patent. The value of the patent(s) will be reviewed each year for possible impairment and expensed in the year it is determined that a write-down in the value of the patent is required. Prepaid patent costs associated with patents which are not approved or abandoned are expensed in the period in which such patents are not approved or are abandoned.





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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and Development Costs

The Company complies with the accounting and reporting requirements of SFAS No. 2, "Accounting for Research and Development Costs (as amended)". Research and development ("R & D") costs consist of all activities associated with the development and enhancement of products using the Company's microwave Technology. R & D costs consist primarily of contract engineer labor and salaries of our in-house engineers, lab supplies used in testing and expenses of equipment used to test and develop our Technology. R & D costs are expensed when incurred. The amounts charged to operations for the three months ended March 31, 2009 and 2008, and for the cumulative period July 19, 2002 (inception) to March 31, 2009 were \$242,899, \$126,258 and \$1,523,938, respectively.

Stock-Based Compensation

Effective January 1, 2006, the Company adopted SFAS No. 123R, "Share-Based Payment," requiring the expense recognition of the estimated fair value of all share-based payments issued to employees. Prior to this, the estimated fair value associated with such awards was not recorded as an expense, but rather was disclosed in a footnote to the Company's consolidated financial statements. The compensation cost associated with these awards is recorded as an expense within the same functional expense category as cash compensation for the respective grantee. No tax benefit has been recognized with respect to this expense.

The Company expects that share-based compensation expense will continue to have a material impact on its financial results for all subsequent fiscal years.

Prior to January 1, 2006, the Company accounted for its stock-based compensation using the intrinsic value method of accounting under the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). The Company's stock-based compensation awards have generally been granted with an exercise price equal to the estimated fair value of the underlying common stock on the grant date, and accordingly, any stock-based compensation related to stock option grants was not material under APB No. 25. The Company applied the disclosure provisions under SFAS No. 123, "Accounting for Stock-Based Compensation" and related interpretations as if the fair value had been applied in measuring compensation expense. As a result, stock-based compensation expense, based upon the fair value method, is included as a pro forma disclosure in the notes to the Company's consolidated financial statements.

The effect on the Company's net loss as if the Company had applied the fair value recognition provisions of SFAS No. 123R to stock-based compensation during the cumulative period July 19, 2002 (inception) to March 31, 2009 was not material.

On January 1, 2006, the Company adopted the provisions of SFAS No. 123R using the modified prospective transition method. The total expense associated with stock-based employee compensation was approximately \$260,000 for the three months ended March 31, 2009, and \$1,300,000 for the period July 19, 2002 (inception) to March 31, 2009. There was no expense associated with stock-based employee compensation for the three months ended March 31, 2008.



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## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## Stock-Based Compensation (continued)

For non-employees, stock grants and stock issued for services are valued at either the invoiced or contracted value of services provided, or to be provided, or the fair value of stock at the date the agreement is reached, whichever is more readily determinable. Warrants or options issued for services provided, or to be provided, are valued at fair value at the date the agreement is reached.

## Earnings (Loss) Per Share of Common Stock

The Company complies with the accounting and reporting requirements of SFAS No. 128, "Earnings Per Share". Basic loss per share is calculated by dividing net loss attributable to common shares by the weighted average number of outstanding common shares for the period. Diluted earnings per common share includes dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants and the conversion of convertible preferred stock.

Unexercised common stock options and warrants to purchase common stock, and preferred stock convertible into common stock as of March 31, 2009 and 2008 respectively, are as follows:

	As of March 31, 2009	As of March 31, 2008
Options	5,200,000	200,000
Warrants	21,725,836	15,318,182
Convertible preferred stock	-	17,822,153
Total	26,925,836	33,340,335

The foregoing common stock equivalents were excluded from the calculation of diluted net loss per common share because their inclusion would have been anti-dilutive as of March 31, 2009.

## Derivative Financial Instruments

The Company accounts for financial instruments that are indexed to and potentially settled in, its own stock in accordance with the provisions of Emerging Issues Task Force ("EITF") No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock". These financial instruments include freestanding warrants and options to purchase the Company's common stock. Under certain circumstances that would require the Company to settle these equity items in cash, and without regard to probability, EITF No. 00-19 would require the classification of all or part of the item as a liability and the adjustment of that reclassified amount to fair value at each reporting date, with such adjustments reflected in the Company's consolidated statements of operations.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In March 2008, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS No. 161”). SFAS No. 161 is intended to improve financial reporting of derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance, and cash flows. SFAS No. 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity’s liquidity by requiring disclosure of derivative features that are credit risk-related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important information about derivative instruments. SFAS No. 161 became effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company adopted SFAS No. 161 in the first quarter of 2009. The adoption of SFAS No. 161 did not have a material impact on the consolidated financial statements.

On April 9, 2009, the FASB issued FASB Staff Position (“FSP”) FAS 107-1, “Interim Disclosures about Fair Value of Financial Instruments” (“FSP FAS 107-1”). FAS FSP 107-1 amends SFAS No. 107, “Disclosures about Fair Value of Financial Instruments”, to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FAS FSP 107-1 also amends APB No. 28, “Interim Financial Reporting”, to require those disclosures in summarized financial information at interim reporting periods. FAS FSP 107-1 shall be effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity may early adopt this FSP if certain requirements are met. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. The Company expects to adopt this FSP for the quarter ending June 30, 2009 and does not expect the adoption of this FSP to have a material impact on its consolidated financial statements.

On April 9, 2009, the FASB issued FSP FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly” (“FSP FAS 157-4”). FSP FAS 157-4 affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction; clarifies and includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active; eliminates the proposed presumption that all transactions are distressed (not orderly) unless proven otherwise. The FSP instead requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. In addition, FSP FAS 157-4 requires an entity to disclose a change in valuation technique (and the related inputs) resulting from the application of the FSP and to quantify its effects, if practicable. FSP FAS 157-4 is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009 if certain requirements are met. It must be applied prospectively and retrospective application is not permitted. The Company expects to adopt this FSP for the quarter ending June 30, 2009 and does not expect the adoption of this FSP to have a material impact on its consolidated financial statements.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

On April 9, 2009, the FASB issued FSP FAS 115-2 and FSP FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments." These FSP's are intended to bring consistency to the timing of impairment recognition, and provide improved disclosures about the credit and noncredit components of impaired debt securities that are not expected to be sold. The measure of impairment in comprehensive income remains fair value. These FSP's also require increased and more timely disclosures regarding expected cash flows, credit losses, and an aging of securities with unrealized losses. These FSP's shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. If an entity elects to adopt early either FSP FAS 157-4 or FSP FAS 107-1 and APB. No. 28-1, "Interim Disclosures about Fair Value of Financial Instruments", the entity also is required to adopt early these FSP's. Additionally, if an entity elects to adopt early these FSP's, it is required to adopt FSP FAS 157-4

These FSP's do not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, these FSP's require comparative disclosures only for periods ending after initial adoption.

Reclassification

Certain amounts for the three months ended March 31, 2008, and for the cumulative period from July 19, 2002 (inception) to March 31, 2009 have been reclassified in the comparative consolidated financial statements to be comparable to the presentation for the three months ended March 31, 2009. These reclassifications, along with certain income adjustments, are further described in Note 11.

NOTE 3 - GOING CONCERN

As shown in the accompanying condensed financial statements, the Company incurred substantial net losses in the amount of \$1,697,362 for the three months ended March 31, 2009 and \$31,467,636 for the cumulative period from July 19, 2002 (inception) to March 31, 2009. The Company also had negative cash flows from its operations in the amount of \$1,437,965 and \$13,982,458 for the three month period ended March 31, 2009 and for the cumulative period from July 19, 2002 (inception) to March 31, 2009, respectively. Additionally, the Company has had no revenue since inception.

Based on the Company's current operating plan, the total cash expenditures needed for the next twelve months are expected to exceed the Company's cash, cash equivalents and short-term investments, aggregating approximately \$2,500,000, as of March 31, 2009. Our assessment of our cash needs may be affected by changes in our assumptions relating to our technological and engineering requirements in the development of our products as well as payroll, staff and administrative related matters.

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NOTE 3 - GOING CONCERN (CONTINUED)

The Company has completed a prototype fixed frequency microwave reactor system, named "Patriot-1" which it has used to demonstrate the decomposition of tires into diesel oil fuel, methane gas and carbon ash. From May 4, 2009 to May 8, 2009, the Company provided a public demonstration of the Patriot-1 to prospects, partners and dignitaries at our outside contract manufacturer's facility (Ingersoll Production System) located in Rockford, Illinois. The Company is currently in negotiations with prospective customers for orders of our equipment. It will take the Company approximately twelve months to deliver a system from the time the Company receives an order. Each order will be accompanied by a cash deposit from the purchaser which will be recorded as deferred revenue until the equipment is shipped, installed and operating successfully at the destination site.

The Company's plans to address the expected cash shortfall are dependent upon its ability to raise capital or to secure significant sales orders of our system as a source of revenue. There is no guarantee that the Company will be able to raise enough capital or generate revenues to sustain its operations thus raising substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liabilities in the normal course of business.

The condensed consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that might result should the Company be unable to continue as a going concern.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company has engaged Clark Resources, Inc. ("Clark"), a governmental relations consulting firm located in Harrisburg, Pennsylvania, to provide consulting services with respect to governmental issues concerning permits and funding. The Company has a monthly retainer agreement in the amount of \$5,000 with Clark and for the three month period ended March 31, 2009 and 2008, and for the cumulative period July 12, 2002 (inception) to March 31, 2009, paid Clark Resources a total of \$15,000, \$15,000, and \$169,670, respectively. The president and CEO of Clark is Frederick A. Clark, who has served as a director of the Company since December 2006.

On October 1, 2008, the Company entered into a four month consulting agreement with LP (Origination) Limited ("LP"), a company incorporated in the United Kingdom, to provide consulting services relating to the oil and gas industries. The Company issued 100,000 shares of its common stock to LP on October 7, 2008 for payment of these consulting services, and the related \$37,250 of the total charge of \$149,000 was recorded as prepaid services on the consolidated balance sheet at December 31, 2008. For the three month period ending March 31, 2009, a charge to operations, which is reflected in general and administrative expenses on the condensed statement of operations and comprehensive loss, was \$56,750. The president of LP is Peter A. Worthington, who has served as a director of the Company since August 2008. In addition to the common shares issued to LP, the Company also paid a fee in the amount of \$90,000 to Mr. Worthington for the services provided under the agreement in December 2008.

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NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)

On September 4, 2008, the Company entered into a consulting agreement with Paul Sweeney for services relating to investor relations and other investment banking services. On September 8, 2008, the Company issued 1,500,000 shares of its common stock to Mr. Sweeney valued at \$1,440,000 for his consulting services. The Company recorded an expense of \$360,000 to the condensed consolidated statement of operations and comprehensive loss for the three month period ended March 31, 2009 and \$600,000 is the balance on the condensed consolidated balance sheet classified as prepaid services as of March 31, 2009. Mr. Paul Sweeney has served as a director of the Company since August 2008.

In November 2007, the Company entered into a six month consulting agreement with Worldwide Strategic Partners, Inc. ("Worldwide"), a corporation in which General Lincoln Jones III, one of our directors, has an ownership interest in excess of ten percent. The consulting agreement was executed and delivered approximately six months before General Jones became a director of our Company. Subsequent to the execution of the consulting agreement with Worldwide, the Company issued a total of 150,000 shares of its common stock to Worldwide and its assignees valued at \$448,000 through June 30, 2008, of which 31,250 shares were distributed to General Jones. On May 26, 2008, the Company and Worldwide terminated the November 2007 consulting agreement by agreeing to pay Worldwide a total of 275,000 shares of its common stock for its services, inclusive of the 150,000 shares already issued. The residual expense of \$281,250 associated with consulting services was recorded to the consolidated statement of operations and comprehensive loss in general and administrative expenses in the third quarter of 2008. On May 26, 2008, the Company entered into a new five year consulting agreement with Worldwide expiring on May 26, 2013, pursuant to which Worldwide will identify potential acquisition candidates or joint venture partners for the Company, and upon closing a transaction with any such candidate, the Company will pay Worldwide a fee based upon a percentage of the value of the transaction beginning with 5% of the first \$1,000,000 dollars, and declining 1% for each successive \$1,000,000 increase in transaction value until Worldwide receives 1% of the transaction value in excess of \$4,000,000.

NOTE 5 - STOCKHOLDERS' EQUITY

Common stock issued for services to non-employees

During the three months period ended March 31, 2009, the Company issued a total of 94,000 shares of its common stock to non-employees for services rendered or to be rendered. These services were valued at \$113,450.

Preferred Stock

In January 2009, the remaining 5,000 shares of Preferred Stock A, held by a person related to the Company's former Chief Executive Officer, Frank Pringle, was converted into 2,500 shares of common stock.

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## NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

## Warrants

During the period from July 19, 2002 (inception) to March 31, 2009, the Company granted two types of warrants: (a) Purchase warrants – sold in conjunction with the sale of common stock and (b) Compensation warrants – grants to non-employee consultants for services provided or to be provided. Warrants issued in association with the sale of common stock have no related expense, and accordingly no effect on the Company's results of operations. A fair value for each warrant is calculated using the Black-Scholes option-pricing model and a debit and credit is recorded to additional paid-in capital. For Compensation warrants, the Company records the expense of options granted to non-employee consultants for services based on the estimated fair value of the warrants using the Black-Scholes option-pricing model on the grant date. The Company believes that the estimated fair value of the warrants is more readily measurable than the fair value of services rendered.

The fair value of the warrants was determined using the Black-Scholes option-pricing model with the following assumptions:

	2009	July 19, 2002 (inception) to March 31, 2009
Dividend yield	0%	0%
Expected volatility	132% - 149%	100% - 240%
Risk-free interest rate	.80% - 1.87%	.80% - 4.97%
Expected life	1.3 - 5 years	.5 years - 5 years
Expected forfeiture rate	0%	0%



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## NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

## Warrants (continued)

A summary of the status of the Company's stock warrants for the three month period ended March 31, 2009 is as follows:

	Warrants	Range of Exercise price	Weighted Average Exercise price
Balance at December 31, 2008	21,425,795	\$.80 - \$4.75	\$ 2.79
Granted	300,041	\$1.02 - \$2.50	\$ 1.33
Cancelled	-		
Exercised	-		
Balance at March 31, 2009	21,725,836	\$.80 - \$4.75	\$ 2.77
Exercisable at March 31, 2009	10,806,429		\$ 2.00

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## NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

## Warrants (continued)

Warrants Outstanding			Warrants Exercisable		
Exercise Price	Number Outstanding at 03/31/09	Weighted Average Remaining Contractual life	Weighted Average Exercise price	Number Outstanding at 03/31/09	Weighted Average Exercise price
\$ 0.80	400,000	0.75	\$ 0.80	400,000	\$ 0.80
\$ 1.02	60,000	4.92	\$ 1.02	-	\$ 1.02
\$ 1.04	30,000	5.00	\$ 1.04	30,000	\$ 1.04
\$ 1.35	20,000	4.58	\$ 1.35	20,000	\$ 1.35
\$ 1.50	150,000	1.75	\$ 1.50	-	\$ 1.50
\$ 2.00	9,847,782	0.75	\$ 2.00	9,537,782	\$ 2.00
\$ 2.25	25,000	4.50	\$ 2.25	25,000	\$ 2.25
\$ 2.50	350,041	1.75	\$ 2.50	350,041	\$ 2.50
\$ 2.63	6,000	3.92	\$ 2.63	6,000	\$ 2.63
\$ 2.75	5,734,546	0.58	\$ 2.75	428,606	\$ 2.75
\$ 2.83	9,000	4.17	\$ 2.83	9,000	\$ 2.83
\$ 4.00	1,387,600	0.58	\$ 4.00	-	\$ 4.00
\$ 4.75	3,705,867	0.58	\$ 4.75	-	\$ 4.75
	21,725,836		\$ 2.78	10,806,429	\$ 2.00

## Compensation warrants

During the three month period ended March 31, 2009, the Company granted 300,041 common stock warrants to non-employees for service provided or to be provided. The distribution of these warrants is as follows: On January 2, 2009, 150,000 warrants issued with exercise price of \$1.50 and are exercisable until December 31, 2010, on February 18, 2009, 60,041 warrants issued with exercise price of \$2.50 and are exercisable until June 30, 2010, on March 2, 2009, 60,000 warrants issued with exercise price of \$1.02 and are exercisable until March 2, 2014, and on March 27, 2009, 30,000 warrants issued with exercise price of \$1.04 and are exercisable until March 27, 2014. The fair value of the warrants was determined using the Black-Scholes option pricing model.

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NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

CRC and Mobilestream Warrants (Derivative Liabilities)

In conjunction with the CRC Acquisition Agreement and the Mobilestream acquisition agreement (see Note 1) (together, "the 2006 Acquisition Agreements"), the Company exchanged or issued common stock purchase warrants ("Acquisition Warrants"). The Acquisition Warrants consisted of an aggregate 5,305,940 of CRC's Class B and Class D ("CRC B & D") warrants, 1,397,800 of CRC's Class E ("CRC E") warrants and 27,205,867 Mobilestream warrants, of which 23,500,000 Mobilestream warrants were issued directly to Pringle and were subsequently cancelled in 2007. The CRC B & D warrants had an original exercise price of \$2.75 and an original expiration date of September 21, 2007. The CRC E warrants had an original exercise price of \$4.00 and an original expiration date of September 21, 2007. The Mobilestream warrants had an original exercise price of \$4.75 and an original expiration date of December 31, 2007. On September 21, 2007, the Board of Directors extended the expiration date of the CRC B & D and CRC E warrants to December 31, 2007 and on December 31, 2007, the expiration date was further extended until December 31, 2008. In November 2008, the Board of Directors amended the expiration date to 120 days subsequent to the effective date of a successful registration statement covering these warrants is filed with the SEC. On December 31, 2007, the Board of Directors extended the expiration date of the Mobilestream warrants to December 31, 2008 and, also in November 2008, amended the expiration date to 120 days subsequent to the effective date of a successful registration statement covering these warrants is filed with the SEC. As of December 31, 2008 and through the date of this filing, the Company has not had its registration statements declared effective by the SEC.

Pursuant to the 2006 Acquisition Agreements, the Acquisition Warrants must be held in liquidating trusts indefinitely until they are registered or an exemption from such registration is available. Further, unless the underlying shares have been registered, the trustees of the liquidating trusts may serve written demand on the Company that the shares issuable upon exercise of the Acquisition Warrants held by the trusts be registered. The 23,500,000 Mobilestream warrants issued directly to Pringle were not held in a liquidating trust as required by the terms of the Mobilestream acquisition agreement. Although these warrants were not held in the liquidating trust, the Company believes that they should still be subject to the terms of the Mobilestream acquisition agreement, and accordingly, were included in the computation of derivative liabilities as discussed below.

The Company analyzed the Acquisition Warrants in conjunction with the 2006 Acquisition Agreements pursuant to the provisions of EITF No. 00-19. Since the trustees of the liquidating trusts can serve written demand on the Company that the shares issuable upon the exercise of the Acquisition Warrants held by the trusts be registered and the 2006 Acquisition Agreements (i) do not specify any circumstances under which net-cash settlement would be permitted or required and (ii) do not specify how the contract would be settled in the event the Company is unable to deliver registered shares, the Acquisition Warrants do not meet all of the conditions required for equity classification. Accordingly, the Company has classified the Acquisition Warrants as derivative liabilities at the time of the respective effective dates of each of the 2006 Acquisition Agreements.

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## NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

## CRC and Mobilestream Warrants (Derivative Liabilities) (continued)

As derivative liabilities, the Acquisition Warrants are measured at fair value at each reporting period (marked to market) with gains and losses being recognized in earnings. The Acquisition Warrants continue to be accounted for as derivative liabilities until a reclassification event such that the warrants are exercised, cancelled, expire or the 2006 Acquisition Agreements are modified to remove the registration restrictions. Upon a reclassification event, the Acquisition Warrants would be reclassified from liability back to equity after a mark to market adjustment immediately prior to the reclassification event. The Company calculates fair value of the Acquisition Warrants using a Black-Scholes option pricing model (see 2nd table below for underlying assumptions).

The impact of the application of EITF No. 00-19 on the Company's consolidated balance sheet as of March 31, 2009 and for the three-month period then ended is as follows:

Date	Derivative Liability on Consolidated Balance Sheets	Gain (Loss) impacting Consolidated Statements of Operations and Comprehensive Loss
March 31, 2009	895,980	695,854

The following table shows the variables used in the Black-Scholes option pricing model calculation used to determine the fair values for the derivative liability above:

Warrants	Date	Exercise Price	Market Price of Underlying Common Stock	Expected Volatility Rate	Risk Free Interest Rate	Expected Life
CRC B & D	03/31/2009	\$ 2.75	\$ 1.01	146%	.49%	7 months
CRC E	03/31/2009	\$ 4.00	\$ 1.01	146%	.49%	7 months
Mobilestream	03/31/2009	\$ 4.75	\$ 1.01	146%	.49%	7 months

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NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

Employee Options

On January 29, 2009, the Company authorized 35,000 common stock options to staff employees. These options have an exercise price of \$1.02, an expiration date of ten years from grant date and become fully vested on July 1, 2009. These options were granted under the Company's 2008 Incentive Stock Option Plan, as amended and are subject to stockholder approval of an Amendment to the Plan, increasing the number of shares available for issuance.

On February 19, 2009, the Company authorized 75,000 common stock options to an employee. These options have an exercise price of \$1.27, and expire on February 19, 2019. The option vest one-third on the one year anniversary of the grant date, one-third on the two year anniversary of the grant date one-third on the three year anniversary of the grant date. These options were granted under the Company's 2008 Incentive Stock Option Plan, as amended, and are subject to stockholder approval of an Amendment to the Plan, increasing the number of shares available for issuance.

On September 23, 2008, as part of obligations under employment contracts, the Company authorized 8,500,000 stock options to four key executives, with 5,000,000 approved (to new CEO Eric Swain) and 3,500,000 stock options subject to stockholder approval. These options have an exercise price of \$1.18 per share and expire ten years after the vesting date. 1,000,000 of Mr. Swain's options vested immediately and the balance will vest in equal annual installments of 1,000,000 options on September 23, 2009 and on each anniversary thereafter for the three years thereafter. Of the combined 3,500,000 options granted to the three other executives, one-fifth options will vest immediately upon approval of the amendment of the Company's stock option plan and the remainder will vest one-fifth on September 23, 2009 and an additional one-fifth on each anniversary thereafter for the next three years, provided that the executives are employed by the Company at each vesting date. The Company recorded an expense to general and administrative expenses in the accompanying 2009 condensed consolidated statement of operations and comprehensive loss in the amount of \$260,000 for the approved options to the CEO, which represents the charge related to the options that had vested immediately. As of March 31, 2009, total unrecognized compensation cost related to unvested stock options of the CEO is approximately \$3,900,000, which is to be recognized over the expected term of five years. The assumptions used in the Black-Scholes option-pricing model used to determine the fair value of the options are: a dividend yield of 0%; an expected volatility rate of 123.5%; a risk-free interest rate of 2.93%; and an expected life of approximately six years. Expected forfeitures were estimated to be 0%. No expense has yet to be recorded for the unapproved options.

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## NOTE 5 - STOCKHOLDERS' EQUITY (CONTINUED)

## Employee Options (continued)

A summary of the status of the Company's outstanding employee stock options as of March 31, 2009 is as follows:

	Number of Option shares	Weighted Average Exercise price	Number of vested Option shares
Options from July 19, 2002 (inception) to December 31, 2004	-		
Granted	200,000	\$ 1.00	50,000
Options as of December 31, 2005	200,000	\$ 1.00	50,000
Options as of December 31, 2006	200,000	\$ 1.00	100,000
Options as of December 31, 2007	200,000	\$ 1.00	150,000
Granted	5,000,000	\$ 1.18	1,000,000
Exercised	-	-	-
Forfeited/expired	-	-	-
Options as of December 31, 2008	5,200,000	\$ 1.17	1,200,000
Granted	-	-	-
Exercised	-	-	-
Forfeited/expired	-	-	-
Options as of March 31, 2009	5,200,000	\$ 1.17	1,200,000

The 4,060,000 options (for nine employees) awaiting stockholder approval are not included in summary table above because options under an arrangement that is subject to shareholder approval are not deemed to be granted until that approval is obtained, unless approval is essentially a formality, which the Company has deemed not to be the case.

As of March 31, 2009, 1,200,000 options are vested and no options have been exercised. The weighted average exercise price is \$1.17.



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NOTE 6 - COMMITMENTS AND CONTINGENCIES

Severance Agreement

On November 12, 2008, the Company entered into a severance agreement with Pringle, and 888 Corporation, a New Jersey corporation owned directly or indirectly by Pringle (the "Severance Agreement"). The Severance Agreement replaces a prior consulting agreement with 888 Corporation, which was approved by the Board of Directors on May 21, 2008. Pursuant to the Severance Agreement, the Company has agreed to pay Pringle \$200,000 per year for the six year period commencing on January 1, 2009 subject to Pringle and 888 Corporation's continued compliance with the terms of the Severance Agreement. Pursuant to the Severance Agreement, Pringle has returned 225,000 shares of the Company's common stock previously issued to him, and he resigned as a member of the Company's Board of Directors and in all other capacities. Pringle also agreed to restrict the amount of shares of the Company's common stock that he or his affiliates may sell to the following amounts: an aggregate of 400,000 shares of the Company's common stock in the three month period beginning February 1, 2009, an aggregate of 300,000 shares of the Company's common stock in the three month period beginning May 1, 2009 and an aggregate of 250,000 shares of Company's common stock in any three month period thereafter beginning with the three month period beginning August 1, 2009. The foregoing restrictions remain in place until Pringle has less than 5,000,000 shares of Company's common stock. Any transfers by Pringle in accordance with the foregoing restrictions remain subject to the Company's right of first refusal to purchase the stock. The Severance Agreement also provides for: (i) the immediate termination of the consulting agreement between the Company and 888 Corporation dated as of January 1, 2008 (though the Company has agreed to pay 888 Corporation the remainder of any payments otherwise due them through December 31, 2008); (ii) a nine year non-compete and non-solicitation agreement from Mr. Pringle; (iii) certain representations, warranties and covenants from Pringle and associated indemnification obligations; and (iv) mutual general releases and non-disparagement provisions. The Company's pledge of its pending patents as collateral for the payments to Pringle was eliminated.

NOTE 7 - PATENTS

The Company currently has three utility patent applications pending in the United States Patent and Trademark Office ("PTO") and approximately ten corresponding utility patent applications pending in international patent offices in commercially relevant countries. The Company's patent applications cover its proprietary microwave technology for recovering hydrocarbons and fossil fuels from sources such as tires, oil shale, capped wells, shale deposits, and waste oil streams. Legal fees associated with the above mentioned patent applications are recorded as prepaid patent costs on the accompanying consolidated balance sheets. Upon approval by the patent offices, the prepaid patent costs will be reclassified to an intangible asset and amortized over the expect life of the patent. The prepaid patent costs are \$420,810 and \$383,685 at March 31, 2009 and December 31, 2008, respectively.



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## NOTE 8 - SHORT TERM INVESTMENTS

Cash in excess of operating requirements is invested in marketable debit and equity securities. All securities are considered available for sale and are carried at their fair value on the accompanying condensed March 31, 2009 balance sheet.

The Company held the following types of investments at March 31, 2009:

	Cost	Fair Value	Unrealized Gain/(Loss)	Realized Gain / (Loss)
Corporate Bonds	\$ 1,446,049	\$ 1,071,260	\$ (374,789)	\$ -
Preferred Stock	1,681,202	667,700	(175,652)	(837,850)
total	\$ 3,127,251	\$ 1,738,960	\$ (550,441)	\$ (837,850)

The Company's investment in corporate bonds having unrealized losses are in the banking sector. The Company evaluated the near-term prospects of the issuers. Based on that evaluation and the Company's ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, management does not consider these investments to be other than temporarily impaired at March 31, 2009. Accordingly, the Company considers the \$312,891 of unrealized losses on the investments in corporate bonds and preferred stock for the three month period ending March 31, 2009 to be a temporary loss on the investments in marketable securities that are available for sale, and has recorded this loss to accumulated other comprehensive loss in the stockholders' equity section of the accompanying consolidated balance sheet as of March 31, 2009.

## NOTE 9 - FAIR VALUE MEASUREMENTS

On January 1, 2008, the Company adopted SFAS No. 157 "Fair Value Measurements". SFAS No. 157 defines fair value, provides a consistent framework for measuring fair value under generally accepted accounting principles and expands fair value financial statement disclosure requirements. SFAS No. 157's valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. SFAS 157 classifies these inputs into the following hierarchy:

- Level 1 Inputs – Quoted prices for identical instruments in active markets
- Level 2 Inputs – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuation whose inputs are observable or whose significant value drivers are observable

- Level 3 Inputs – Instruments with primarily unobservable value drivers

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## NOTE 9 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table represents available for sale securities measured at fair value at March 31, 2009:

	Fair Value at March 31, 2009	Quoted Prices in Active Markets for Identical Assets ( Level 1)	Significant Other Observable Inputs ( Level 2)	Significant Unobservable Inputs ( Level 3)
<b>Assets</b>				
Short-term investments	\$ 1,738,960	\$ 1,648,851	\$ 90,109	\$ -
<b>Liabilities</b>				
Derivative financial instruments	\$ 895,980	\$ -	\$ -	\$ 895,980

The following table presents additional information about Level 3 liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealized gains and losses for liabilities within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Changes in Level 3 liabilities measured at fair value for the three-month period ended March 31, 2009:

	LEVEL 3				Change in Fair Value of Derivative financial instruments still held at March 31, 2009
	Beginning Balance January 1, 2009	Realized (Gains) / Losses	Purchase Sales and Settlements	Ending Balance March 31, 2009	
<b>Liabilities</b>					
Derivative financial instruments, at fair value	\$ 1,591,834	\$ (695,854)	\$ -	\$ 895,980	\$ (695,854)

The change in fair value of derivative financial instruments are included in the accompanying consolidated statement of operations and comprehensive loss, as other income (losses). The change in fair value of derivative financial instruments for the three month period ended March 31, 2009, is \$695,854.



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NOTE 10 - PREPAID SERVICES

During the three month period ended March 31, 2009, the Company recorded an expense of \$548,675 to the accompanying consolidated statement of operations and comprehensive loss for the amortization of stock issued for services that were issued in 2008. The unamortized amount as of March 31, 2009 is \$945,400. Also in the first quarter of 2009, the Company recorded an expense of \$53,750 to the accompanying consolidated statement of operations and comprehensive loss for the amortization of cash paid for services from 2008. The unamortized amount as of March 31, 2009 is \$31,250 for cash paid for services to be provided over the next three months.

NOTE 11 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2008

The following tables summarize the adjustments made in the restatement of our first quarter 2008 condensed consolidated financial statements.

Consolidated Balance Sheet Adjustments

1. We reclassified prepaid services and stockholders' equity in the amount of \$1,162,667 to reflect the issuance of common stock to non-employees for services to be performed (see Note 10). Previously, we had reflected this prepayment as contra-equity.
2. We reclassified Inventory – construction in progress to property and equipment in the amount of \$361,511.
3. We reclassified deferred compensation (contra-equity) as a reduction of additional paid-in capital in the amount of \$190,750 to comply with SFAS No. 123R.
4. We adjusted legal fees of \$37,140 associated with the filing of our patents as a prepaid asset. Previously, we had reflected these costs as an expense on our consolidated statement of operations and comprehensive loss.
5. We reclassified the Acquisition Warrants (as defined in Note 5) with a fair value of \$3,704,442 at March 31, 2008 as derivative financial instruments. Previously, we had reflected the Acquisition Warrants as equity.

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NOTE 11 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS FOR THE  
THREE-MONTH PERIOD ENDED MARCH 31, 2008 (CONTINUED)

Consolidated Balance Sheet Adjustments (continued)

	As Originally Reported	Adjustments	Restated
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 6,665,654	\$ -	\$ 6,665,654
Inventory - construction-in-progress	361,511	(361,511)	-
Prepaid services		1,162,667	1,162,667
Total current assets	7,027,165	801,156	7,828,321
Property and equipment	362,044	361,511	723,555
Investments and deposits	74,860		74,860
Prepaid patent costs		37,140	37,140
<b>TOTAL ASSETS</b>	<b>\$ 7,464,069</b>	<b>\$ 1,199,807</b>	<b>\$ 8,663,876</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	122,461		122,461
Loans payable - equipment	42,043		42,043
Loan payable - officer	150,000		150,000
Stock to be issued	5,069,872		5,069,872
Total current liabilities	5,384,376		5,384,376
Loan payable -equipment, net of current portion	40,704		40,704
Derivative financial instruments		3,704,442	3,704,442
Total liabilities	5,425,080	3,704,442	9,129,522
<b>STOCKHOLDERS' EQUITY</b>			
Preferred stock A	35,236		35,236
Preferred stock B	1		1
Common stock	33,292		33,292
Stock subscription receivable	(130,518)		(130,518)
Additional paid-in capital	24,553,559	(11,141,420)	13,412,139
Deficit accumulated during the development stage	(21,032,691)	7,283,368	(13,749,323)

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	3,458,879	(3,858,052)	(399,173)
Treasury stock	(66,473)		(66,473)
Prepaid services	(1,162,667)	1,162,667	-
Deferred compensation	(190,750)	190,750	-
Total stockholders' equity	2,038,989	(2,504,635)	(465,646)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 7,464,069</b>	<b>\$ 1,199,807</b>	<b>\$ 8,663,876</b>

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NOTE 11 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS FOR THE  
THREE-MONTH PERIOD ENDED MARCH 31, 2008 (CONTINUED)

Consolidated Statement of Operations and Comprehensive Loss Adjustments

The following is a summary of the adjustments to our previously issued condensed statement of operations for the three months ended March 31, 2008:

1. We adjusted legal fees of \$37,140 associated with the filing of our patents as a prepaid asset. Previously, we had reflected these costs as an expense on our consolidated statement of operations and comprehensive loss.
2. Except for the addition of R&D to be in compliance with SFAS No. 2, "Accounting for Research and Development Costs", all operating expenses were collapsed into general and administrative expenses.
3. As derivative liabilities, the Acquisition Warrants (as defined in Note 5) are measured at fair value each reporting period (marked to market) with the gains and losses being recognized in earnings. Accordingly, we adjusted our statement of operations and other comprehensive loss to reflect income of \$7,246,228 as a result of the change in the fair value of the Acquisition Warrants. Previously, we recognized the Acquisition Warrants as equity and did not did not recognize any change in the fair value.



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NOTE 11 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS FOR THE  
THREE-MONTH PERIOD ENDED MARCH 31, 2008 (CONTINUED)

Consolidated Statement of Operations and Comprehensive Loss Adjustments

	As Originally Reported	Adjustments	Restated
REVENUES	\$ -	\$ -	\$ -
COST OF SALES			
GROSS PROFIT			
OPERATING EXPENSES			
Professional fees for legal and accounting	204,129	(204,129)	-
Investment banking fees and investor relations	2,599,802	(2,599,802)	-
Other general and administrative	786,785	2,668,515	3,455,300
Research and development	-	126,258	126,258
Depreciation	20,692	(20,692)	-
Total operating expenses	3,611,408	(29,850)	3,581,558
OPERATING LOSS	(3,611,408)	29,850	(3,581,558)
OTHER INCOME (EXPENSE)			
Change in fair value of derivative financial instruments		7,246,228	7,246,228
Interest expense	(6,073)	-	(6,073)
Interest income	3,787	-	3,787
Total other income (expense)	(2,286)	7,246,228	7,243,942
NET LOSS APPLICABLE TO COMMON SHARES	\$ (3,613,694)	\$ 7,276,078	\$ 3,662,384
EARNINGS (LOSS) PER COMMON SHARE			
BASIC	\$ (0.12)		\$ 0.12
DILUTED	\$ (0.12)		\$ 0.07
WEIGHTED AVERAGE NUMBER OF COMMON SHARES			
BASIC	30,743,131		30,743,131
DILUTED	30,743,131		49,333,456



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NOTE 11 - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS FOR THE  
THREE-MONTH PERIOD ENDED MARCH 31, 2008 (CONTINUED)

Consolidated Statement of Cash Flows Adjustments

In light of the adjustments made to our March 31, 2008 consolidated balance sheet and statement of operations and comprehensive loss, we adjusted our previously issued consolidated statement of cash flows as follows:

	As Originally Reported	Adjustments	Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (3,613,694)	\$ 7,276,078	\$ 3,662,384
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	20,692		20,692
Common stock issued for services	1,960,275		1,960,275
Amortization of prepaid common stock issued for services		645,375	645,375
Common stock options and warrants issued for services	14,580	7,290	21,870
Amortization of deferred compensation	27,250		27,250
Change in fair value of derivative financial instruments		(7,246,228)	(7,246,228)
Change in operating assets and liabilities			
Inventory	(361,511)	361,511	-
Prepaid patent costs		(37,140)	(37,140)
Accounts payable and accrued liabilities	2,872		2,872
Total adjustments	1,664,158	(6,269,192)	(4,605,034)
Net cash used in operating activities	(1,949,536)	1,006,886	(942,650)

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NOTE 11- RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS FOR THE  
THREE-MONTH PERIOD ENDED MARCH 31, 2008 (CONTINUED)

Consolidated Statement of Cash Flows Adjustments (continued)

	As Originally Reported	Adjustments	Restated
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(9,601)		(9,601)
Purchase of property and equipment, construction-in-progress		(361,511)	(361,511)
Net cash provided by (used in) investing activities	(9,601)	(361,511)	(371,112)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of common stock for			
Issuance of common stock for cash	2,083,789		2,083,789
Issuance of equity securities as paid-in-capital for merger and other	645,375	(645,375)	-
Proceeds from stock to be issued	5,069,872		5,069,872
Proceeds from stock			
Proceeds from stock subscription receivable	55,175		55,175
Repayment of loan payable	(9,845)		(9,845)
Net cash provided by financing activities	7,844,366	(645,375)	7,198,991
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5,885,229</b>		<b>5,885,229</b>
<b>CASH AND CASH EQUIVALENTS-</b>			
<b>BEGINNING OF YEAR</b>	<b>780,425</b>		<b>780,425</b>
<b>END OF YEAR</b>	<b>\$ 6,665,654</b>		<b>\$ 6,665,654</b>

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NOTE 12 - SUBSEQUENT EVENTS

On April 23, 2009, the Global Heavy Oil Corporation, a wholly-owned subsidiary of the Company, entered into a Joint Development Agreement (“the Collaborative Arrangement”) with Schlumberger Technology and Schlumberger Holdings Limited (collectively, “Schlumberger”) for the purpose of researching and developing surface upgrading, a process using microwaves to increase the gravity of heavy oil above the surface of the Earth in oilfield operations (“the products and services”). The collaborative arrangement is to be implemented in three distinct phases as follows:

1. Research and development including the testing of the products and services for the heavy oil field use.
2. Design and testing of a prototype device or system to deliver the products and services as a prelude to the commercial exploitation.
3. Upon full satisfaction of the phase II objectives the Global Heavy Oil Corporation and Schlumberger will enter into a joint venture for the commercial exploitation of the products and services.

In consideration of Global Heavy Oil Corporation’s exclusive license of its intellectual property in the heavy oil field of use, the Company will receive \$600,000; (\$300,000 thirty days from the execution of the agreement (which was received on May 22, 2009) and \$300,000 payable on the first anniversary of the Collaborative Arrangement. Additionally, within 30 days of the commencement of Phase II, the Company will receive a one-time \$1,000,000 engineering fee from Schlumberger. Pursuant to the Collaborative Arrangement, the Company will have the right to acquire up to a 40% interest in the joint venture.

On April 27, 2009, the Company entered into a retirement agreement with Mr. Wayne Koehl, Chief Operation Officer. This retirement agreement replaces the prior employment agreement. Pursuant to the retirement agreement, the Company has agreed to pay Mr. Koehl his current salary for a period of approximately six months, ending on October 31, 2009. The retirement agreement also provides that: (a) Mr Koehl will be entitled to receive a bonus based upon sales of equipment made by the Company solely to one certain customer; (b) Mr. Koehl shall be entitled to retain the options to purchase 200,000 shares of the Company’s common stock previously granted which are vested but are subject to the shareholders approval and the options to purchase an additional 200,000 shares of the Company’s common stock previously granted, also subject to the shareholders approval, which were to vest on September 23, 2009 but shall now be immediately vested; (c) the Company will continue to provide medical coverage under the Company’s current health care benefits plan for period of approximately six months ending on October 31, 2009. Thereafter Mr. Koehl shall be entitled to elect to continue such COBRA coverage for the remainder of the COBRA period, at Mr. Koehl’s own expense.

ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
2. CONDITION AND RESULTS OF OPERATION

Statements used in this Form 10-Q, in filings by the Company with the Securities and Exchange Commission (the "SEC"), in the Company's press releases or other public or stockholder communications, or made orally with the approval of an authorized executive officer of the Company that utilize the words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions speaking to anticipated actions, results or projections in the future speak only as of the date made, are based on certain assumptions and expectations which may or may not be valid or actually occur, and which involve various risks and uncertainties, such as those set forth above under "Risk Factors". The Company cautions readers not to place undue reliance on any such statements and that the Company's actual results for future periods could differ materially from those anticipated or projected.

Unless otherwise required by applicable law, the Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

The following discussion should be read in conjunction with our consolidated financial statements and related notes included as part of this report.

#### Overview

Our business is (i) the design, manufacture and sale of machinery and equipment units for decomposing petroleum-based materials by subjecting them to microwave radiation at specifically selected frequencies for a time sufficient to at least partially decompose the materials and focused on specific applications (the "Technology"); (ii) the licensing of third parties to exploit the Technology; and (iii) the construction of plants, in conjunction with other plant investors, to exploit that Technology. Currently, our efforts are directed principally to the design, manufacture and sale of machinery and equipment.

In October 2008, we completed our first commercial prototype machine that uses our Technology for decomposing tires, the Patriot-1. Although we anticipated completion of the prototype earlier in 2008, there were several factors that contributed to the delay we experienced. These included: delays in delivery of klystron microwave tubes, changes in the design of the prototype, and changes in the conveying procedures for the material. The Company will continue to test and refine the features of the prototype for use with tires and other "feedstocks", i.e. materials that would amenable to the Company's Technology. The Company will work with prospective customers to create systems for the manipulation of large amounts of tires to be processed through a machine.

We have no manufacturing capability of our own. Accordingly, we have entered into an agreement with Ingersoll Production Systems, a manufacturing facility in Rockford, Illinois, for research on and the manufacture of our machines, where the Patriot-1 was completed. The prototype is being tested initially to apply our microwave Technology to the decomposition of tires as waste and to retrieve commercially viable components therefrom in the form of carbon, liquid hydrocarbons which can be converted to electricity, and gas. We will use our prototype primarily to confirm and refine the principles that will be utilized in commercial scale operations of our technology. We also will use it to test various feedstocks, materials that can benefit from the application of our Technology, prior to releasing processes for production. The prototype will also be used on a limited basis to show customers that the process works as applied to a specific feedstock and is viable for commercialization.

From May 4, 2009 to May 8, 2009, the Company provided a public demonstration of the Patriot-1 to over 100 prospects, partners, and dignitaries at the Ingersoll Production Systems facility in Rockford, Illinois. The Patriot-1

prototype has an automated process to provide a highly energy efficient, emissions free way to convert tires into energy. The demonstration showcased a continuous feed microwave tire recycling system that successfully transformed large amounts of scrap tires into heating oil as well as combustible gases, and carbon ash. The live demonstrations allowed attendees visual and physical access to a piece of equipment that has an internal temperature of 500°c (1000°F) with no external heat, no smell and no emissions.

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We do not research nor represent to potential customers the commercial uses or revenues they may derive from the end-products generated using our Technology. Each potential customer evaluates for itself whether the commercialization and disposition of the end products justifies the cost to purchase and install one of our machines.

We are conducting negotiations with prospective purchasers of machines, but do not have any committed orders for our equipment. We are also in negotiations with at least one distributor for an exclusive license for our Technology covering a designated geographic area, but the terms and conditions are not completed. We are not presently devoting any time or funds to the construction of plants to exploit our Technology. Any such effort will require capital in excess of funds available to us, and will require us to "partner" with a company with much larger resources.

## Results Of Operations

Three Months Ended March 31, 2009 Compared to the Three Months Ended March 31, 2008

### (A) REVENUES

We had no revenues from operations for the three months ending March 31, 2009 and 2008. We have had no revenues from operations since the closing of the asset acquisitions of Carbon Recovery Corporation in September 2006 and Mobilestream Oil, Inc. in December 2006. All revenues we received from operations prior to September 2006 were derived from lines of business unrelated to our current activities, and in which we no longer have any ownership interest or other participation. The Company has never had revenues from operations since it began its current business.

The Company has completed a prototype variable frequency microwave reactor system, named "Patriot-1" which it has used to demonstrate the decomposition of tires into diesel oil fuel, methane gas and carbon ash. From May 4, 2009, to May 8, 2009, the Company provided a public demonstration of the Patriot-1 to prospects, partners, and dignitaries at our outside contract manufacturer's facility (Ingersoll Production Systems) located in Rockford, Illinois. It will take the Company approximately twelve months to deliver a system from the time the Company receives an order. Each order will be accompanied by a cash deposit from the purchaser which will be recorded as deferred revenue until the equipment is shipped, installed and operating successfully at the destination site.

Subsequent to the March 31, 2009 reporting date for the accompanying condensed consolidated financial statements, on April 23, 2009, Global Heavy Oil Corporation, a wholly-owned subsidiary of the Company, entered into the Collaborative Arrangement with Schlumberger for the purpose of researching and developing "surface upgrading" products, a process using microwaves to increase the gravity of heavy oil above the surface of the Earth in oilfield operations and services for "heavy oil" oilfield operations ("the Products and Services"). The joint development will be based on, and will utilize, the Company's proprietary patent-pending technologies and intellectual property. In consideration of the Company's exclusive license of its intellectual property in the "heavy oil" field of use, the Company, through Global Heavy Oil, will receive a total of \$600,000 (\$300,000 was received thirty days after the execution of the Collaborative Arrangement and \$300,000 is payable on the first anniversary of the Collaborative Arrangement). Contingent upon full satisfaction of Phase I under the Collaborative Arrangement (research & development, including testing of the Products and Services), the Company, through Global Heavy Oil, will receive a one-time \$1,000,000 engineering fee from Schlumberger within 30 days of the commencement of Phase II under the Collaborative Arrangement. Upon full satisfaction of Phase II and pursuant to the Collaborative Arrangement, the Company, through Global Heavy Oil, will have the right to acquire up to a 40% interest in the joint venture.



(B) TOTAL OPERATING EXPENSES

Total operating expenses consist of professional fees, investor relations and investment banking fees, other general and administrative expenses, and research and development costs. Total operating expenses were \$2,428,131 for the three months ended March 31, 2009 compared to \$3,581,558 for the three months ended March 31, 2008, a decrease of \$1,153,427 or approximately 32%.

Changes in general and administrative expenses versus the prior three months period are the following:

The Company has recorded expenses for investment banking fees, investor relations, and professional fees broadly to include expenses incurred for ancillary activities and expenses for penalties and settlements related to professional services, investment banking and public relations activities. Total professional fees and investment banking fees and investor relations expenses were \$817,472 for the three months ended March 31, 2009 compared to \$2,599,802 for the three months ended March 31, 2008, a decrease of \$1,782,330. The Company issued 94,000 shares of common stock for services performed or to be performed by non-employees, valued at approximately \$113,450, for the three months ended March 31, 2009 versus 2,046,226 shares of common stock for services performed or to be performed by non-employees, valued in the amount of \$2.0 million dollars, for the three months ended March 31, 2008. The value of services was determined based upon the stock market price at the date the stock was issued. Other costs which are included as part of professional fees for the three months ended March 31, 2009 are legal fees of \$60,915 and accounting fees of \$114,032, for a total of \$174,947, a small increase of approximately \$8,000 versus the three months ended March 31, 2008.

Other general and administrative expenses for the three months ended March 31, 2009 were \$1,192,813 compared to \$688,510 for the three months ended March 31, 2008, an increase of \$504,303 or approximately a 73% increase. The increase in other general expenses for three months ended March 31, 2009 was primary due to increase in salary & wages expenses of approximately \$428,000 due to the addition of four employees, including the new Company CEO and new Company President. Stock options were granted in 2008 to the new CEO and an amortization expense of approximately \$260,000 was recorded during the three months ended March 31, 2009.

Research and development ("R & D") costs consist of all activities associated with the development and enhancement of products using the Company's Technology. R & D costs consist primarily of contract engineer labor and salaries of our in-house engineers, lab supplies used in testing and expenses of equipment used to test and develop our Technology. Research and development costs are expensed when incurred. R & D costs for three months ended March 31, 2009 and 2008 were \$242,899 and \$126,258, respectively. The increase of \$116,641 as compared to the same period in the prior year can be attributed to the increase in salary expenses of approximately \$85,000 due to the addition of personnel in May 2008.

(C) OTHER INCOME (EXPENSE)

Interest expense, interest income, realized gains / (losses), change in fair value of derivative financial instruments and other income are included in other income (expense). Total other income was \$730,769 for the three months ended March 31, 2009 compared to other income of \$7,243,942 for the three months ended March 31, 2008, a decrease of \$6,513,173 due primarily to fair value change in derivative financial instruments.

Interest expense for the three months ended March 31, 2009 was \$3,144 compared to \$6,073 for the three months ended March 31, 2008, a decrease of \$2,929 or 48% resulting from certain Company loans nearing maturity.

Interest income for the three months ended March 31, 2009 and 2008 was \$55,497 and \$3,787, respectively. The increase of \$51,710 in interest income for the three months ended March 31, 2009 compared to the same period in 2008 is due to the Company having a surplus of cash as a result of the sale of common stock to investors. In April of 2008, \$4,000,000 of surplus cash was invested in short-term investments. Due to the decline in the stock market in the fourth quarter of 2008, the Company reclassified \$837,850 of unrealized losses on its investments in preferred stock to realized losses, as the impairment was deemed to be other than temporary at December 31, 2008. For the three months ended March 31, 2009 realized losses on investments was \$17,438.

At March 31, 2009 the change in the fair value of derivative financial instruments resulted in income of \$695,854 for the three months ended March 31, 2009, versus income of \$7,246,228 for same three month period in 2008, for a change of \$6,550,374.

#### (D) NET LOSS

The net loss for the three months ended March 31, 2009 was \$1,697,362 (\$0.03 per share) compared to net income of \$3,662,384 (\$0.12 per share) for the three months period ended March 31, 2008, a decrease of \$5,359,746. The Company's losses are attributable to it having no revenue stream still being in development stage. Income for the three months ended March 31, 2008 is attributable to changes in the fair value of derivative financial instruments which created income of over \$7.2 million during the three months ended March 31, 2008.

#### Operating Activities

Net cash used in operating activities was \$1,437,965 for the three months ended March 31, 2009 compared to \$942,650 for the three months ended March 31, 2008, an increase of \$495,315 or approximately 53%.

#### Investing Activities

Net cash provided by investing activities was \$221,614 for the three period months ended March 31, 2009 compared to use of cash in the amount \$371,112 for the three months ended March 31, 2008, a change of \$592,726. The changes was due primarily to (i) our receiving proceeds from our marketable securities in the amount of \$487,985 during the three months ended March 31, 2009 and (ii) our making purchases of materials for the construction of our prototype machine, Patriot-1, in the amount of \$361,511 during the three months ended March 31, 2008.

#### Liquidity and Capital Resources

As of March 31, 2009, the Company had total current assets of \$3,499,897 and total current liabilities of \$1,019,831, resulting in work capital of \$2,480,066. As of March 31, 2008, the Company had total current assets of \$7,828,321 and total current liabilities of \$5,384,376, resulting in working capital of \$2,443,945. As a development stage company that began operations in 2002, the Company has incurred \$31,467,636 in cumulative total losses from inception through March 31, 2009.

As of March 31, 2009, the Company had \$.8 million in cash and cash equivalents and \$1.7 million in short-term investments. The Company projects total cash expenditures needed for the next twelve months ending March 31, 2010 to be approximately \$4.2 million (operating expenses to be approximately \$4 million and expenditures to be approximately \$.2 million). Our assessment of our cash needs, however, is based on assumptions concerning the rate of our cash expenses, the technological and engineering challenges in the development of our products, the projected development times, the equipment construction and testing trials required along with their projected timetable. Our actual operations may be affected by increases in our payroll and staff related matters, technological or engineering difficulties, deviations from the timetables for experimentation and testing trials. However, due to the fact that the

Company incurred substantial net losses for the cumulative period from July 19, 2002 (inception) to March 31, 2009 and that it currently has no revenue stream to support itself, there is doubt about the Company's ability to continue as a going concern.

The Company did not have any cash provided from financing activities for the three month period ended March 31, 2009. The Company did not sell any stock for cash for the three period ending March 31, 2009, instead it used cash in the amount of \$13,092 for payment on loans. The Company has been in the past successful in obtaining required cash resources by issuing stock to service the Company's operations. For the three months ended March 31, 2008, net cash provided by financing activities was \$7,198,991. This increase was primarily the result of the sale of common stock. During the three months period ended March 31, 2008, the Company sold 2,046,226 shares of common stock for gross proceeds of \$2,083,789.

The Company has continued to issue stock or options or warrants to various vendors (non-employees) as payments for services rendered. In the three months ended March 31, 2009, the Company issued 94,000 shares of common stock in payment of services valued at \$113,450. \$60,800 was recorded as expenses in the statement of operations and comprehensive loss and \$52,650 was recorded as prepaid expense. The value of services was determined based upon the stock market price at the date the stock was issued. For the three months ended March 31, 2008, the Company issued 887,500 of common stock shares for services rendered valued at \$1,960,275. The value of services was determined based upon the stock market price at the date the stock was issued. The Company also issued 300,041 warrants with an average exercise price of \$1.33 for services rendered or to be performed for the three months ended March 31, 2009. An expense of \$93,675 was recorded to the statement of operations and comprehensive loss for the value of these warrants. Warrants issued for services were valued using the Black-Scholes option-pricing model, with expected volatility ranging from 132% to 149%, risk-free interest rate ranging from .80% to 1.87% and expect life a half year to five years.

On January 29, 2009, the Company authorized the grant of 35,000 common stock options to staff employees, These options have an exercise price of \$1.02 and expire on January 29, 2019. These options were granted under the Company's 2008 Incentive Stock Option Plan, as amended, and become fully vested on July 1, 2009, subject to stockholders' approval of an Amendment to the Plan increasing the number of shares available for issuance thereunder.

On February 19, 2009, the Company authorized the grant of 75,000 common stock options to an employee. These options have an exercise price of \$1.27 and expire on February 19, 2019. The option vest one-third on the one year anniversary of the grant date, one-third on the two year anniversary of the grant date and one-third on the three year anniversary of the grant date. These options were granted under the Company's 2008 Incentive Stock Option Plan, as amended, and are subject to stockholder approval of an Amendment to the Plan, increasing the number of shares available for issuance.

In September 2008, pursuant to a Summary of Terms of Proposed Employment Agreement with Eric Swain, the Company's new CEO, and as part of a series of employment term sheets, the Company authorized the grant of a total of 8,500,000 stock options to four key executives. 5,000,000 of those stock options were granted to the Company's new CEO, Eric Swain. The other 3,500,000 stock options were granted to three other officers of the Company and were subject to stockholder approval of an amendment to the Company's stock option plan increasing the number of authorized shares available for issuance under the plan. All of these options have an exercise price of \$1.18. 1,000,000 of Mr. Swain's options vested immediately and the balance will vest in equal annual installments of 1,000,000 options on September 23, 2009 and on each anniversary thereafter for the three years thereafter. Of the combined 3,500,000 options granted to the three other executives, one-fifth of those options will vest immediately upon approval of the amendment of the Company's stock option plan and the remainder will vest one-fifth on September 23, 2009 and an additional one-fifth on each anniversary thereafter for the next three years, provided that the executives are employed by the Company at each vesting date. As of March 31, 2009, total unrecognized compensation cost related to unvested stock options for the CEO's options is approximately \$3,920,000, which is to be recognized over the expected term of five years. The assumptions used in the Black-Scholes option-pricing model used to determine the fair value of the options are: a dividend yield of 0%; an expected volatility rate of 123.5%; a risk-free interest rate of 2.92%; and an expected life of approximately six years. Expected forfeitures were estimated to be 0%. No compensation expense was recorded for the 3,500,000 options awaiting stockholder approval because options under an arrangement that is subject to stockholder approval are not deemed to be granted until that approval is obtained unless approval is essentially a formality which the Company has deemed not to be the case. Subsequent to March 31, 2009, the amount of options awaiting stockholder approval mentioned above has been adjusted to 2,900,000 to reflect the retirement of one of the Company's executives.

In November 2008, the Company authorized the grant of 450,000 stock options to three employees which are also subject to stockholder approval of an amendment to the Company's stock option plan increasing the number of authorized shares available for issuance under the plan. These options have an exercise price of \$1.24 per share and expire on November 21, 2018. 150,000 options vest immediately upon stockholder approval of the stock option plan amendment, 150,000 vest on January 1, 2010, and the remainder vest on January 1, 2011. The assumptions used in the Black-Scholes option-pricing model used to determine the fair value of the options are: a dividend yield of 0%; an expected volatility rate of 159.5%; a risk-free interest rate of 2.12%; and an expected life of approximately six years. Expected forfeitures were estimated to be 0%.

## CAPITAL RESOURCES

### (A) LONG-TERM DEBT OBLIGATIONS

The Company entered in two loan agreements for the purchase of equipment in 2006. The principal amount of a five year loan entered into in January 2006 is \$75,000 with an interest rate of 13.43% annually and a monthly payment of \$1,723. In October 2006 the Company entered into second loan with a principal amount of \$73,817 at an interest rate of 8.71% annually. The monthly payments on this loan are \$2,396. The total remaining loan payments, including interest payments, are \$44,693 as of March 31, 2009 for the two loans.

### (B) CAPITAL LEASES

The Company leases certain phone and computer equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the consolidated balance sheets as part of property and equipment. The monthly lease payments are \$1,293 per month until June 2011. The total future minimum lease payments as of March 31, 2009 are \$31,043.

### (C) OPERATING LEASES

The Company leases office space and manufacturing space under three separate lease agreements that are classified as operating leases. The Company leased office space in West Berlin, New Jersey for a monthly lease payment of \$5,000 which expired on May 31, 2009. Beginning in June 2009, the Company continued to lease space at the West Berlin location at a monthly lease payment rate of \$1,600 per month expiring in June 2012. The Company entered into a new lease for new corporate headquarters in Mount Laurel, New Jersey, which has a monthly lease payment of \$6,567 and expires April 2014. The Company also leases manufacturing space in Rockford, Illinois, which has a monthly lease payment of \$2,703 and expires on April 30, 2010. The total future minimum annual lease payments are approximately \$464,000.

### (D) PURCHASE OBLIGATIONS

In June 2007, the Company entered into a purchase agreement with Ingersoll Production Systems of Rockford, Illinois to build a commercial prototype machine. The total purchase commitment is approximately \$770,000. The Company has currently paid approximately \$750,000 as of March 31, 2009 under this agreement. This amount is reflected in the accompanying 2008 consolidated balance sheet as part of the construction in progress component of property and equipment, and, to the extent of modifications to the prototype machine being made, in the accompanying 2008 consolidated statement of operations and comprehensive loss as R & D expense. In addition to the agreement with Ingersoll Production Systems, there are various other suppliers with which the Company has purchase commitments, which total approximately \$610,000, of which the Company had paid approximately \$600,000 through March 31, 2009.

Off Balance Sheet Arrangements

We do not have any off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

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### Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. Certain critical accounting policies requiring significant judgments, estimates and assumptions are detailed below. We consider an accounting estimate to be critical if (1) it requires assumptions to be made that are uncertain at the time the estimate is made and (2) changes to the estimate or different estimates, that could have reasonably been used, would have materially changed our consolidated financial statements.

### Development Stage Company

The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises".

### Short-term Investments

Cash in excess of operating requirements is invested in marketable debt and equity securities, all of which are classified as available for sale, and are carried at their fair value. The unrealized gains or losses of these investments, which are deemed to be temporary in nature are recorded as part of accumulated other comprehensive income (loss), are included in the consolidated statement of stockholders' equity. Realized gains or loss and declines in value judged to be other-than-temporary on these investments are recognized as realized gains or losses in the consolidated statements of operations and comprehensive loss.

### Patents

Legal fees associated with patents, which are expected to be issued are recorded as prepaid patent costs on the accompanying consolidated balance sheets. Upon approval by the relevant patent office, the prepaid patent costs will be reclassified to an intangible asset, and amortized over the expected life of the patent. The value of the patent(s) will be reviewed each year for possible impairment and expensed in the year it is determined that a write-down in the value of the patent is required. Prepaid patent costs associated with patents which are not approved or abandoned are expensed in the period in which such patents are not approved.

### Research and Development Costs

The Company complies with the accounting and reporting requirements of SFAS No. 2, "Accounting for Research and Development Costs (as amended)". Research and development ("R & D") costs consist of all activities associated with the development and enhancement of products using the Company's microwave Technology. R & D costs consist primarily of contract engineer labor and salaries of our in-house engineers, lab supplies used in testing and expenses of equipment used to test and develop our Technology. R & D costs are expensed when incurred. The amounts charged to operations for the three months ended March 31, 2009 and 2008, and for the cumulative period July 19, 2002 (inception) to March 31, 2009 were \$242,899, 126,258 and \$1,523,938, respectively.

### Stock-Based Compensation

Effective January 1, 2006, the Company adopted SFAS No. 123R, "Share-Based Payment," requiring the expense recognition of the estimated fair value of all share-based payments issued to employees. Prior to this, the estimated fair value associated with such awards was not recorded as an expense, but rather was disclosed in a footnote to the

Company's consolidated financial statements. The compensation cost associated with these awards is recorded as an expense within the same functional expense category as cash compensation for the respective grantee. No tax benefit has been recognized with respect to this expense.



The Company expects that share-based compensation expense will continue to have a material impact on its financial results for all subsequent fiscal years.

Prior to January 1, 2006, the Company accounted for its stock-based compensation using the intrinsic value method of accounting under the provisions of Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB No. 25”). The Company’s stock-based compensation awards have generally been granted with an exercise price equal to the estimated fair value of the underlying common stock on the grant date, and accordingly, any stock-based compensation related to stock option grants was not material under APB No. 25. The Company applied the disclosure provisions under SFAS No. 123, “Accounting for Stock-Based Compensation” and related interpretations as if the fair value had been applied in measuring compensation expense. As a result, stock-based compensation expense, based upon the fair value method, is included as a pro forma disclosure in the notes to the Company’s consolidated financial statements.

The effect on the Company’s net loss as if the Company had applied the fair value recognition provisions of SFAS No. 123R to stock-based compensation during the cumulative period July 19, 2002 (inception) to March 31, 2009 was not material.

On January 1, 2006, the Company adopted the provisions of SFAS No. 123R using the modified prospective transition method. The total expense associated with stock-based employee compensation was approximately \$260,000 for the three months ended March 31, 2009, and \$1,300,000 for the period July 19, 2002 (inception) to March 31, 2009. There was no expense associated with stock-based employee compensation for the three months ended March 31, 2008.

For non-employees, stock grants and stock issued for services are valued at either the invoiced or contracted value of services provided, or to be provided, or the fair value of stock at the date the agreement is reached, whichever is more readily determinable. Warrants or options issued for services provided, or to be provided, are valued at fair value at the date the agreement is reached.

#### Earnings (Loss) Per Share of Common Stock

The Company complies with the accounting and reporting requirements of SFAS No. 128, “Earnings Per Share”. Basic loss per share is calculated by dividing net loss attributable to common shares by the weighted average number of outstanding common shares for the period. Diluted earnings per common share includes dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants and the conversion of convertible preferred stock.

Unexercised common stock options and warrants to purchase common stock, and preferred stock convertible into common stock as of March 31, 2009 and 2008 respectively, are as follows:

	2009	2008
Options	5,200,000	200,000
Warrants	21,725,836	15,318,182
Convertible Preferred Stock	-	17,822,153
Total	26,925,836	33,340,335

The foregoing common stock equivalents were excluded from the calculation of diluted net loss per common share because their inclusion would have been anti-dilutive as of March 31, 2009.



## Derivative Financial Instruments

The Company accounts for financial instruments that are indexed to and potentially settled in, its own stock in accordance with the provisions of Emerging Issues Task Force (“EITF”) No. 00-19, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company’s Own Stock”. These financial instruments include freestanding warrants and options to purchase the Company’s common stock. Under certain circumstances that would require the Company to settle these equity items in cash, and without regard to probability, EITF No. 00-19 would require the classification of all or part of the item as a liability and the adjustment of that reclassified amount to fair value at each reporting date, with such adjustments reflected in the Company’s consolidated statements of operations and comprehensive loss.

## Recent Accounting Pronouncements

For information regarding recent accounting pronouncements and their effect on the Company, see “Recent Accounting Pronouncements” in Note 2 to the condensed consolidated financial statements.

## ITEM QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT

### 3. MARKET RISK

This item is not applicable.

## ITEM CONTROLS AND PROCEDURES

### 4.

This item is not applicable.

## ITEM 4T. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), which is designed to provide reasonable assurance that information which is required to be disclosed in our reports filed pursuant to the Exchange Act, is accumulated and communicated to management in a timely manner. Under the supervision and with the participation of management, including our Chairman, Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our effectiveness of disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls as of the end of the quarterly period ended March 31, 2009 were not effective due to the deficiencies described in our Management’s Report on Internal Control over Financial Reporting contained in our Annual Report on Form 10-K for the year ended December 31, 2008.

We have instituted and are continuing to implement corrective actions with respect to the deficiencies in our disclosure controls and procedures. The deficiencies will not be considered remediated until the applicable remedial procedures are tested and management has concluded that the procedures are operating effectively. Management recognizes that use of our financial resources will be required not only for implementation of these measures, but also for testing their effectiveness.

Notwithstanding the ongoing remediation activities, the Company’s management has concluded that the condensed consolidated financial statements included in this Form 10-Q are fairly stated in accordance with accounting principles

generally accepted in the United States of America. Our Chief Executive Officer and Chief Financial Officer have included their certifications as exhibits to this Form 10-Q.

#### Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial during the three months ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM LEGAL PROCEEDINGS

1.

This item is not applicable.

ITEM RISK FACTORS

1A.

This item is not applicable.

ITEM UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF  
2. PROCEEDS

On January 2, 2009, in reliance on Section 4(2) of the Exchange Act, the Company issued warrants to purchase 150,000 shares of common stock to a non-employee for services provided or to be provided, which warrants have an exercise price of \$1.50 per share and expire on December 31, 2010.

On February 18, 2009, in reliance on Section 4(2) of the Exchange Act, the Company issued warrants to purchase 60,041 shares of common stock to a non-employee for services provided or to be provided, which warrants have an exercise price of \$2.50 per share and expire on June 30, 2010.

On March 2, 2009, in reliance on Section 4(2) of the Exchange Act, the Company issued warrants to purchase 60,000 shares of common stock to a non-employee for services provided or to be provided, which warrants have an exercise price of \$1.02 per share and expire on March 2, 2014.

On March 27, 2009, in reliance on Section 4(2) of the Exchange Act, the Company issued warrants to purchase 30,000 shares of common stock to a non-employee for services provided or to be provided, which warrants have an exercise price of \$1.04 per share and expire on March 27, 2014.

During the three months ended March 31, 2009, the Company issued a total of 94,000 shares of its common stock to non-employees for services rendered or to be rendered in reliance on Section 4(2) of the Securities Act. These services were valued at \$113,450.

ITEM DEFAULTS UPON SENIOR SECURITIES

3.

This item is not applicable.

ITEM SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

4.

This item is not applicable.

ITEM OTHER INFORMATION

5.

This item is not applicable.

ITEM EXHIBITS

6.

The following exhibits are being filed as part of this quarterly report:

Exhibit No.	Description
31.1	Certificate pursuant to section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certificate pursuant to section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certificate pursuant to section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certificate pursuant to section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GLOBAL RESOURCE CORPORATION  
(Registrant)

Date: June 22, 2009

By: /s/ Eric Swain  
Name: Eric Swain  
Title: Chief Executive Officer

Date: June 22, 2009

By: /s/ Jeffrey J. Andrews  
Name: Jeffrey J. Andrews  
Title: Chief Financial Officer