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CANARGO ENERGY CORP
Form 10-Q/A
July 01, 2004

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

FORM 10-Q/A
(AMENDMENT No. 1)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
ENDED MARCH 31, 2004
- 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 0001-32145

CANARGO ENERGY CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware

91-0881481

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

(I.R.S. EMPLOYER IDENTIFICATION NO.)

CanArgo Energy Corporation
P.O. Box 291, St. Peter Port, Guernsey, British Isles

GY1 3RR

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(44) 1481 729 980

(REGISTRANT'S TELEPHONE NUMBER)

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR,
IF CHANGED SINCE LAST REPORT)

Indicate by check 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

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Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). []

The number of shares of registrant's common stock outstanding on May 1, 2004 was 113,613,505.

EXPLANATORY NOTE

CanArgo Energy Corporation is hereby amending this Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2004 to amend Item 4 of Part 1 and Item 2 of Part 2 of the report. The amendment to Item 2 of Part 2 adds a description of the issuance of unregistered shares of common stock upon exercise of certain previously granted existing employee stock options and warrants, which grants and option/warrant plans were previously disclosed, as well as the exercises, but which exercises and issuances were inadvertently omitted from the Quarterly Report on Form 10-Q. Except for the foregoing items, no other information included in the original Quarterly Report on Form 10-Q is amended by this amendment. Item 2 is hereby amended and restated in full and Item 4 of this Quarterly Report on Form 10-Q is hereby amended as follows:

PART 1. FINANCIAL INFORMATION:

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed in the Company's reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that the Company's employees accumulate this information and communicate it to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily must apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures under Rule 13a-15. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level.

There has not been any change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART 2. OTHER INFORMATION:

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

On March 8, 2004, 2,828,167 shares of our common stock were issued to

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the following individuals in connection with the exercise of options previously granted under our 1995 Long-Term Incentive Plan. The shares were issued in transactions intended to qualify for the exemption from registration afforded by Section 4(2) of the Act and Regulation S promulgated thereunder. All of the proceeds from such option exercises were added to our working capital for general corporate purposes.

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| NAME OF INDIVIDUAL EXERCISING OPTION ----- | POSITION ----- | AMOUNT OF STOCK RECEIVED ----- | CASH EXERCISE PRICE ----- | TOTAL CASH PROCEEDS ----- |
|--|--|---|------------------------------------|------------------------------------|
| David Robson | President, Chairman and Chief Executive Officer | 1,000,000 | \$ 0.10 | \$100,000 |
| Nils Trulsvik | Director | 250,000 | \$ 0.10 | \$ 25,000 |
| Vincent McDonnell | Chief Financial Officer and Chief Commercial Officer | 300,000 | \$ 0.10 | \$ 30,000 |
| Liz Landles | Corporate Secretary | 100,000 | \$ 0.10 | \$ 10,000 |
| Russell Hammond | Director | 250,000 | \$ 0.10 | \$ 25,000 |
| Julian Hammond | Investor Relations Manager and Commercial Manager | 97,000 | \$ 0.10 | \$ 9,700 |
| Graham Wall | Senior Geologist | 27,000 | \$ 0.10 | \$ 2,700 |
| Tamara Smales | Business Development Manager | 96,667 | \$ 0.10 | \$ 9,667 |
| Jeffrey Wilkins | Financial Controller | 58,000 | \$0.595 | \$ 34,510 |
| Niko Tevzadze | Operations Manager | 300,000 | \$ 0.10 | \$ 30,000 |
| Alex Tchichinadze | Drilling Manager | 125,000 | \$ 0.10 | \$ 12,500 |
| Irakli Tavdumadze | Chief Geologist | 72,000 | \$ 0.10 | \$ 7,200 |
| Zaza Gorgadze | CanArgo Representative in Georgia | 40,000 | \$ 0.10 | \$ 4,000 |
| Irina Arabuli | Chief Accountant | 15,000 | \$ 0.10 | \$ 1,500 |
| Misha Nibladze | Finance Manager | 20,000 | \$ 0.10 | \$ 2,000 |
| Piso Bedoshvili | Office Manager | 7,500 | \$ 0.10 | \$ 750 |
| Sopiko Beradze | Translator | 10,000 | \$ 0.10 | \$ 1,000 |

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| | | | | |
|-------------------|---|--------|---------|-----------------------------|
| Victor Chudnovets | CanArgo Representative in Ukraine | 60,000 | \$ 0.10 | \$ 6,000 |
| | | | TOTAL | ----- \$311,527 ===== |

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On March 8, 2004, 399,000 shares of our common stock were issued to the following individuals in connection with the exercise of options previously granted under the CanArgo Energy Inc. Stock Option Plan. The shares were issued in transactions intended to qualify for the exemption from registration afforded by Section 4(2) of the Act and Regulation S promulgated thereunder. All of the proceeds from such option exercises were added to our working capital for general corporate purposes.

| NAME OF INDIVIDUAL EXERCISING OPTION | POSITION | AMOUNT OF STOCK RECEIVED | CASH EXERCISE PRICE | TOTAL CASH PROCEEDS |
|---|---|--------------------------------|---------------------------|----------------------------|
| ----- | ----- | ----- | ----- | ----- |
| Julian Hammond | Investor Relations Manager and Commercial Manager | 103,000 | \$0.10 | \$10,300 |
| Graham Wall | Senior Geologist | 73,000 | \$0.10 | \$ 7,300 |
| Irakli Tavdumadze | Chief Geologist | 128,000 | \$0.10 | \$12,800 |
| George Mirtskhulava | Commercial Manager | 50,000 | \$0.10 | \$ 5,000 |
| Shalva Bahktadze | Administration Manager | 15,000 | \$0.10 | \$ 1,500 |
| Vakho Sakvarelidze | Chief Economist | 30,000 | \$0.10 | \$ 3,000 |
| | | | TOTAL | ----- \$39,900 ===== |

On March 8, 2004, 291,667 shares of our common stock were issued to the following individuals in connection with the exercise of options previously granted under our Special Options/Warrants Plan. The shares were issued in transactions intended to qualify for the exemption from registration afforded by Section 4(2) of the Act and Regulation S promulgated thereunder. All of the proceeds from such option exercises were added to our working capital for general corporate purposes.

| NAME OF INDIVIDUAL EXERCISING OPTION | POSITION | AMOUNT OF STOCK RECEIVED | CASH EXERCISE PRICE | TOTAL CASH PROCEEDS |
|---|----------|--------------------------------|---------------------------|---------------------------|
|---|----------|--------------------------------|---------------------------|---------------------------|

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| NAME | POSITION | AMOUNT OF STOCK | CASH EXERCISE PRICE | TOTAL CASH PROCEEDS |
|-----------------|------------------------------|-----------------|---------------------|---------------------|
| Russell Hammond | Director | 250,000 | \$0.10 | \$ 25,000 |
| Tamara Smales | Business Development Manager | 41,667 | \$0.10 | \$ 4,166.70 |
| | | | TOTAL | \$29,166.70 |

On March 23, 2004, 296,250 shares were issued to the following individual in connection with the exercise of options previously granted under our 1995 Long-Term Incentive Plan. The shares were issued in a transaction intended to qualify for the exemption from registration afforded by Section 4(2) of the Act and Regulation S

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promulgated thereunder. All of the proceeds from such option exercises were added to our working capital for general corporate purposes.

| NAME OF INDIVIDUAL EXERCISING OPTION | POSITION | AMOUNT OF STOCK RECEIVED | CASH EXERCISE PRICE | TOTAL CASH PROCEEDS |
|--------------------------------------|-----------------|--------------------------|---------------------|---------------------|
| Peder Paus | Former Director | 296,250 | \$0.4014 | \$118,914.75 |

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANARGO ENERGY CORPORATION

Date: July 1, 2004

By: /s/ Vincent McDonnell

Vincent McDonnell
Chief Financial Officer

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