

TOT Energy
Form 10-Q
November 16, 2009

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 000-51108

TOT Energy, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

20-0715816
(IRS Employer Identification No.)

12100 NE 16 Ave
Suite 210
Miami, FL 33161
(Address of principal executive offices)

(305) 891-2288
(Registrant's telephone number, including area code)

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 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of outstanding shares of common stock, \$.001 par value, of the registrant as of November 14, 2009 was 310,815,297.

TOT ENERGY, INC.
Form 10-Q
For the Quarter Ended September 30, 2009
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References in this Form 10-Q to “we”, “us”, “our”, the “Company” and “TOT Energy” refers to TOT Energy, Inc. and its consolidated subsidiaries, unless otherwise noted.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

TOT ENERGY, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2009	March 31, 2009
ASSETS		
Current assets		
Cash	\$ 95,950	\$ 99,971
Deposits	8,000	6,000
Inventory of raw materials	37,426	31,174
Prepaid expenses and other assets	11,521	2,220
Total current assets	152,897	139,365
Fixed assets		
Building	181,981	160,649
Machinery and equipment	3,457,981	3,053,933
Less: accumulated depreciation	(715,793)	(308,452)
Total fixed assets (net)	2,924,169	2,906,130
Total assets	\$ 3,077,066	\$ 3,045,495
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY) IN ASSETS		
Current liabilities		
Accounts payable	\$ 91,210	\$ 51,130
Accrued expenses	1,472,685	853,743
Total liabilities	1,563,895	904,873
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock (\$.001 par value, 100,000,000 shares authorized and no shares issued and outstanding)	-	-
Common stock (\$.001 par value, 800,000,000 shares authorized and 310,815,297 and 300,583,108 shares issued and outstanding)	310,815	300,583
Treasury stock, at cost; 250,000 shares	(62,500)	(62,500)
Paid in capital	23,553,775	19,940,319
Accumulated other comprehensive income (loss)	(848,614)	(1,176,614)
Accumulated deficit	(21,136,174)	(16,722,953)
Noncontrolling interest	(304,132)	(138,213)
Total equity	1,513,171	2,140,622
Total liabilities and stockholders' equity	\$ 3,077,066	\$ 3,045,495

See accompanying notes.

TOT ENERGY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Three Months Ended Three Months Ended Six Months Ended Six Months Ended
September 30, 2009 September 30, 2008 September 30, 2009 September 30, 2008

Sales	\$	-	\$	-	\$	-	\$	-
Cost of sales		-		-		-		-
Gross Profit		-		-		-		-
Operating Expenses								
General and administrative		2,639,159		2,185,744		4,565,638		2,489,032
Loss from operations		(2,639,159)		(2,185,744)		(4,565,638)		(2,489,032)
Non-operating expense								
Other expense		-		(309)		(55)		(309)
Loss before income tax provision		(2,639,159)		(2,186,053)		(4,565,693)		(2,489,341)
Income tax provision		-		-		-		-
Net Loss		(2,639,159)		(2,186,053)		(4,565,693)		(2,489,341)
Add: Net loss attributable to the noncontrolling interest		81,418		25,792		165,921		25,792
Net loss attributable to TOT Energy, Inc.		(2,557,742)		(2,160,261)		(4,399,773)		(2,463,549)
Other comprehensive income								
Foreign currency translation gain (loss)		91,273		(15,920)		307,465		(15,920)
Comprehensive loss	\$	(2,466,469)	\$	(2,176,181)	\$	(4,092,308)	\$	(2,479,469)
Net loss per share - basic and diluted	\$	(0.01)	\$	(0.01)	\$	(0.01)	\$	(0.01)
Weighted average number of common shares outstanding - basic and diluted		305,370,458		217,238,413		303,323,673		215,873,093

See accompanying notes.

TOT ENERGY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended September 30, 2009	Six Months Ended September 30, 2008
Cash flows from operating activities:		
Net loss	\$ (4,399,774)	\$ (2,458,513)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	366,980	51,755
Amortization of software license	-	1,197
Decrease in noncontrolling interests	(165,923)	(18,807)
Share Based Compensation	3,434,223	1,789,600
Changes in assets and liabilities, net of acquisitions and the effect of consolidation of equity affiliates:		
Prepaid expenses	(9,246)	1,235
Costs in excess of billings	-	(176,869)
Due to related parties	(9,393)	303,542
Deposits	(2,000)	(6,000)
Inventory of raw materials	(2,113)	(44,631)
Accounts payable	35,157	7,566
Accrued expenses	573,516	399,629
Total adjustments	4,221,201	2,308,217
Net cash provided (used) in operating activities	(178,573)	(150,296)
Cash flows from investing activities:		
Purchase of equipment	-	(2,010)
Net cash used in investing activities	-	(2,010)
Cash flows from financing activities:		
Contributed capital from equity investors	189,466	103,152
Contributed capital for Korlea-TOT joint venture	-	37,926
Net cash provided by financing activities	189,466	141,078
Effect of exchange rate changes on cash	(14,977)	18,564
Net (decrease) increase in cash	(4,021)	7,336
Cash at beginning of period	99,971	88,007
Cash at end of period	\$ 95,950	\$ 95,343
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash investing and financing activities:		
Common stock issued pursuant to subscription agreement	\$ 3,341,393	\$ 1,729,656

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Common stock issued to form joint venture TOT-SIBBNS	\$	-	\$	4,375,480
Common stock issued for services provided in formation of joint venture Korlea-TOT	\$	-	\$	45,500

See accompanying notes.

TOT ENERGY, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

TOT Energy, Inc. (the "Company"), formerly Splinx Technology, Inc., was organized on February 6, 2004 under the laws of the State of Delaware as a wholly-owned subsidiary of Splinx, LLC, a Florida limited liability company, and was the surviving entity pursuant to a merger with Ener1 Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Ener1, Inc., a Florida corporation. The Company initially intended to develop advanced technologies in the three-dimensional or 3D computer graphics industry. Under an agreement effective April 1, 2004 (the "Contribution Agreement"), Splinx, LLC contributed substantially all of its assets, liabilities and operations to the Company. The Company began its development stage activity on October 28, 2003 ("Inception"), the date of formation of Splinx, LLC, and ended development stage activity on July 16, 2008 when we acquired a 75% interest in the TOT-SIBBNS joint venture and began operations in the oil and gas service industry.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q. Accordingly, certain information and footnotes required for complete financial statements are not included herein. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the results for the interim periods presented have been included. These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of the Company's Annual Financial Statements for the year ended March 31, 2009. Operating results for the three and six months ended September 30, 2009 are not necessarily indicative of the results that may be expected for any particular quarterly period or the year ending March 31, 2010. It is recommended that the accompanying condensed consolidated financial statements be read in conjunction with the financial statements and notes for the year ended March 31, 2009 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Basis of Consolidation

The interim financial statements include the accounts of TOT Energy, Inc., the accounts of our 75% joint venture, TOT-SIBBNS, a limited liability company formed under the laws of Russia (also known as the Russian Federation) and the accounts of our 51% joint venture, Korlea-TOT, a limited liability company formed under the laws of the Czech Republic. All material intercompany accounts and transactions have been eliminated in this consolidation.

Business Activity

TOT Energy, Inc. is working to acquire a portfolio of energy related assets. To this end, from time to time, the Company may be engaged in various discussions to acquire businesses or formulate joint venture or other arrangements with energy companies located around the world. Where appropriate, acquisitions will be financed with equity shares and this may result in substantial dilution to existing stockholders. Prior to 2008, the Company developed computer software products.

TOT-SIBBNS provides exploration services to oil exploration and production companies located in and around Novosibirsk, Russia. TOT-SIBBNS owns and operates four oil-drilling rigs that generate the majority of the revenues of TOT-SIBBNS. TOT-SIBBNS uses this equipment for drilling exploratory wells for fees. In addition, TOT-SIBBNS

provides engineering services and well remediation services on a contract fee basis.

KORLEA-TOT is our 51% joint venture with Korlea Invest Holding AG of Switzerland (“Korlea”) who is a provider and trader of electricity in the Czech Republic. Korlea-TOT was expected to assist in the marketing of oil assets sourced by other TOT-Energy companies and contacts. There has been no activity to date with this joint venture.

Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities as of the balance sheet date and the reported amounts of expenses for the period presented. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid money market investments purchased with an original maturity of three months or less. At September 30, 2009 and March 31, 2009, the Company had no cash equivalents. The Company maintains its U.S. Dollar-denominated cash in a bank deposit account, the balance of which, at times, may exceed federally insured limits. Bank accounts in the United States are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At September 30, 2009, and March 31, 2009, the United States bank balances did not exceed the FDIC limit. The Company also maintains bank balances in Russia and the Czech Republic and at September 30, 2009, the balances were \$0 and \$92,192 respectively. At March 31, 2009, bank balances in Russia and the Czech Republic were \$0 and \$76,656, respectively. The non-United States bank balances are not insured and there is risk of loss in the event such banks should fail.

Foreign Currency Transactions

The Company's primary operations are conducted outside the United States and we use foreign currencies to operate our consolidated foreign subsidiaries. Quarterly income and expense items are translated into U.S. dollars using the average interbank rate for the three-month period. Assets and liabilities are translated into U.S. dollars using the interbank rate as of the balance sheet date. Equity items are translated at their historical rate. The Company does not engage in any currency hedging activities.

Revenue Recognition

The Company recognizes revenues from its contract on the completed contract method due to uncertainty in counterparty performance and collections under its terms. Under the completed contract method, revenues and costs are included in operations when the contract is completed. Any losses expected to be incurred are charged to operations in the period that such losses are probable.

Net Loss Per Share

Basic net loss per common share is computed by dividing net loss applicable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of shares issuable upon exercise of common stock options or warrants. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company did not issue any new options for the six months ended September 30, 2009, but recorded a compensation expense of \$16,945 for options that vested during the period. During the quarter ended September 30, 2009, the Company issued 5,395,600 shares of common stock and warrants to purchase 2,697,800 shares of common stock in exchange for \$107,912 pursuant to the terms of its subscription agreement with TGR Energy, LLC (see Notes 6 and 7). In addition, the Company issued 110,417 shares of common stock in lieu of compensation (see Note 6).

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At September 30, 2009, the Company had outstanding vested stock options to purchase 582,407 shares of common stock and warrants to purchase 46,098,818 shares of common stock. For the three and six months ended September 30, 2009, these securities are excluded from the earnings per share calculation because their inclusion would be anti-dilutive.

At September 30, 2008, the Company had 582,407 stock options outstanding that were not included in the calculation of earnings per share as they were anti-dilutive.

Fair Value of Financial Instruments

The Company's financial instruments consist mainly of cash deposits, short-term payables and borrowings under related party payables. The Company believes that the carrying amounts of third-party financial instruments approximate fair value, due to their short-term maturities and the related party payables are interest bearing and payable on demand.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes indicate that the carrying amount of an asset or group of assets may not be recoverable. No impairment losses were recorded during the three and six month periods ended September 30, 2009 and 2008.

Subsequent Events

For the purposes of determining whether a post-balance sheet event should be evaluated to determine whether it has an effect on the financial statements for the period ending September 30, 2009, subsequent events were evaluated by the Company as of November 16, 2009, the date on which the unaudited consolidated financial statements at and for the period ended September 30, 2009, were available to be issued.

NOTE 2. GOING CONCERN CONSIDERATIONS

The Company's financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had been in the development stage until the second quarter of 2008 and has had minimal revenues since Inception. Management recognizes that the Company must raise capital sufficient to fund business activities until such time as it can generate sufficient revenues and net cash flows in amounts necessary to enable it to continue in existence. These factors include our history of net losses and that minimal revenues have been earned to date. The Company is dependent upon TGR Energy, LLC or Mike Zoi to fund its operations. TGR Energy, LLC remains obligated to invest up to \$120,614 remaining from the \$2,000,000 subscription agreement. The Company's independent auditors' report on its financial statements for the year ended March 31, 2009 contains an explanatory paragraph about our ability to continue as a going concern. Management believes that its current operating strategy, as described herein, provides the opportunity for the Company to continue as a going concern; however, there is no assurance this will occur.

NOTE 3. SEGMENT INFORMATION

The Company's sole reportable business segment is the oil and gas service sector. The Company's accounting policies for segments are the same as those described in the summary of significant accounting policies.

NOTE 4. CONTRACT ACCOUNTING

The Company accounts for its long-term contracts using the completed contract method of revenue recognition due to increasing uncertainties relating to its sole customer's ability to continue to finance the existing contract to completion. The completed contract method recognizes income only when the contract is substantially complete. Project costs and related revenues are accumulated and are reflected in operations only when an estimated loss is probable. The contract will be deemed complete when our customer agrees that each milestone contained in the contract has been met.

Billed contract receivables consist of amounts due under our sole contract, which has been suspended due to lack of financing by our customer. We have fully reserved for uncollected billings and for costs in excess of billings in the amount of \$429,486. There are no revenues or costs charged to operations for the periods ended September 30, 2009 or September 30, 2008 under the completed contract method. For more information, see Note 1 – “Summary of Significant Accounting Policies – Revenue Recognition” above.

NOTE 5. ACCRUED EXPENSES

Accrued expenses represent expenses that are owed at the end of the period and either have not been billed by the provider or are expenses that are estimated for services provided. At September 30, 2009 and March 31, 2009, accrued expenses consisted of the following:

	September 30, 2009	March 31, 2009
Accrued accounting fees	15,218	29,968
Accrued legal fees	8,635	10,000
Accrued Taxes	287,242	104,535
Accrued payroll	719,020	509,090
Other accrued expenses	442,570	200,150
	\$ 1,472,685	\$ 853,743

NOTE 6. STOCKHOLDERS' EQUITY

The Company is authorized to issue 800,000,000 shares of common stock, par value of \$0.001 per share. Each holder of common stock is entitled to one vote for each share held. The Company is authorized to issue 100,000,000 shares of preferred stock, par value \$0.001 per share, which may be divided into series with the designations, powers, preferences, and relative rights and any qualifications, limitations or restrictions as determined by the Company's board of directors.

Under an Exchange Agreement dated December 18, 2007, the Company agreed to issue 113,500,000 newly issued shares of common stock of the Company to TGR Energy, LLC, of which 8,500,000 shares were issued to Bzinfon, S.A., a British Virgin Islands limited corporation that is indirectly owned by an affiliate of the Ener1 Group, and 2,125,000 shares were issued to Alexander Malovik, a principal of Splinex, LLC, in exchange for the Bzinfon and Ener1 Group notes totaling \$3,688,132. TGR Energy, LLC owned 98,157,334 shares of common stock of the Company as of December 17, 2007, and after the completion of the Exchange Agreement transactions owned an aggregate of 201,032,334 shares of common stock of the Company as of December 18, 2007. The Company had a total of 100,757,773 shares of common stock outstanding at December 17, 2007 and 214,507,773 shares of common stock outstanding at December 18, 2007.

On August 7, 2008, the Board of Directors approved a Subscription Agreement dated August 7, 2008 (the "Subscription Agreement") with TGR Energy, LLC ("TGR"), wherein TGR committed to invest up to \$2,000,000 in exchange for up to 100,000,000 shares of the Company's common stock for \$0.02 per share. In addition, the Company granted TGR warrants to purchase up to 50,000,000 shares of common stock for \$0.05 per share. These warrants may be exercised within five years from the date of grant. The shares and warrants are issuable under the Subscription Agreement upon the funding from time to time by TGR. The valuation date to determine the appropriate compensation charge is the last day of the quarter then ended.

For the quarter and year to date ended September 30, 2009, the Company recorded compensation expense of \$0.10 per share or \$8,519 and \$16,945, respectively for options of Mr. New issued on August 13, 2008 that vested during the quarter and the six month period ended September 30, 2009.

Up until May 15, 2009, Mr. New's base salary was \$140,000 with a \$30,000 bonus payable quarterly for meeting agreed upon objectives. On May 15, 2009, Mr. New's base salary was reduced from \$140,000 to \$91,000 and his bonus was reduced from \$30,000 to \$19,500 annually. To partially offset the reduction in salary, the Company provided Mr. New with 25,000 shares of fully vested common stock in lieu of his March 31, 2009 cash bonus and 200,000 shares of common stock which vest monthly from April 1, 2009 to September 30, 2009. A compensation charge of \$12,500 was recorded for the quarter ended June 30, 2009 and a compensation charge of \$10,000 was recorded for the quarter ended September 30, 2009, which reflects the market value per share (\$0.10) on the first trading day after the date of grant.

Other employees (other than officers and directors) receiving salary reductions were granted a total of 50,000 shares of common stock vesting monthly between April 1, 2009 and September 30, 2009. The Company recorded a compensation charge of \$2,347 for the quarter ended June 30, 2009 and a compensation expense of \$1,042 for the quarter ended September 30, 2009, to reflect the market value of stock provided in lieu of cash compensation. Both of these charges were calculated using the price per share of common stock (\$0.10) on the first trading date after the date of grant.

For the quarter ended June 30, 2009, the Company accrued an expense of \$64,285 relating to stock expected to be issued in exchange for services to be provided by Olympus Securities. The Company is currently negotiating a revised contract for such services. Given the unstable equity markets last year, the Company and Olympus are

working together to find a solution that provides value for both parties going forward. There were no charges for this agreement for the three months ended September 30, 2009.

For the fiscal year ended March 31, 2009, TGR was issued an aggregate of 82,725,335 shares of common stock of the Company and fully vested warrants to purchase 41,362,168 shares of common stock of the Company at an exercise price of \$0.05 per share pursuant to the terms of the Subscription Agreement. These issuances were in exchange for financings under the Subscription Agreement in the aggregate amount of \$1,654,507 of which \$1,017,097 was cash and \$637,410 related to refinancing of previously outstanding notes payable. A compensation charge of \$8,812,774 was recorded for the fiscal year ended March 31, 2009. This amount is calculated as the difference between the market price of our common stock at the end of each quarter in which shares were issued and the subscription price of the common shares (\$0.02) multiplied by the number of shares issued, plus the Black-Scholes valuation of the warrants issued as calculated at the end of each quarter.

For the quarter ended June 30, 2009, TGR was issued 4,077,700 shares of common stock of the Company and fully vested warrants to purchase 2,038,850 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$81,554 provided during the quarter under the terms of the Subscription Agreement. A compensation charge of \$1,264,087 was recorded for the quarter ended June 30, 2009 as an officer of the Company is also a principal of TGR and the securities issued were below market value as of the issue date.

For the quarter ended September 30, 2009, TGR was issued 5,395,600 shares of common stock of the Company and fully vested warrants to purchase 2,697,800 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$107,912 provided during the quarter under the terms of the Subscription Agreement. A compensation charge of \$2,077,306 was recorded for the quarter ended September 30, 2009 as an officer of the Company is also a principal of TGR and the securities issued were below market value as of the issue date.

The Company entered into a Sponsorship Agreement with American Speed Factory dated April 22, 2009, whereby the Company receives certain promotional services and sponsorship rights to display the Company's logo in connection with the 2009 Ferrari Challenge racing season in exchange for the issuance of 500,000 shares of restricted stock of the Company. This arrangement is valued at \$50,000, which amount was recorded as an advertising expense for the quarter ended June 30, 2009.

At September 30, 2009, the Company had options to purchase 1,200,000 shares of common stock outstanding under its stock option plan, of which options to purchase 582,407 shares of common stock are vested, with an exercise price of \$0.25 per share and with a remaining weighted average contractual term of 5.36 years. The Company also had warrants to purchase 46,098,818 shares of common stock outstanding at September 30, 2009 with a strike price of \$0.05 per share and a remaining average contractual term of 4.31 years.

NOTE 7. RELATED PARTY TRANSACTIONS

On August 7, 2008, the Company and TGR, which holds 95% of the Company's outstanding common stock, entered into the Subscription Agreement described above pursuant to which TGR has agreed to provide funding of up to \$2,000,000 (the "Investment Amount") in exchange for up to 100,000,000 shares of the Company's common stock and warrants to purchase up to 50,000,000 shares of the Company's common stock at an exercise price of \$0.05 per share. Pursuant to the Subscription Agreement, TGR will fund the Investment Amount as required in the Company's operational budget. TGR's obligation to fund the Investment Amount will be reduced by any future third party funding or investments in the Company on terms no less favorable than those contained in the Subscription Agreement.

See Note 6 for Equity securities issued to TGR Energy, LLC under the terms of the subscription agreement.

NOTE 8: RECLASSIFICATION

Certain reclassifications have been made to the March 31, 2009 financial statements to conform to the September 30, 2009 presentation. The following reclassifications we made to the March 31, 2009 balance sheet and the change had no effect on the statement of operations or cash flows.

	March 31, 2009	June 30, 2009
Shareholders' equity (Deficit)		
Non controlling Interest		
As Reported	\$ 88,614	\$ 77,442
Adjustment	(226,827)	(289,483)
As Adjusted (Pro forma)	(138,213)	(212,041)
Accumulated Deficit		
As reported	(16,949,780)	(18,876,314)
Adjustments	226,827	289,483
As adjusted (pro forma)	(16,722,953)	(18,586,831)
Total Shareholders' equity (Deficit)		
As reported	2,140,623	1,858,552
Adjustments	-	-
As adjusted (pro forma)	2,140,623	1,858,552

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains forward-looking statements. These statements relate to our expectations, hopes, beliefs, intentions or strategies regarding future events or future financial performance. Any statements contained in this report that are not statements of historical fact may be deemed forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue," or the negative of such terms or comparable terminology. Forward-looking statements include but are not limited to statements regarding: our future business plans; future sales of our products and services; introduction of new products and services; expected hiring levels; marketing plans; increases of selling, general and administrative costs; financing requirements and capital raising plans; successful integration and development of acquired businesses; regulatory and economic factors affecting the oil and gas business and other factors that may impact our acquisition and development strategy, some of which are beyond our control and difficult to predict. These statements are only predictions and are subject to a number of assumptions, risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. The following important factors, in addition to those discussed in our other filings with the Securities and Exchange Commission (the "Commission") from time to time, and other unforeseen events or circumstances, could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements: general economic conditions; competition; weather; our ability to raise capital; our ability to control costs; changes within our industries; new and upgraded products and services by us or our competitors; employee retention; sovereign risk; legal and regulatory issues; changes in accounting policies or practices; currency translation and exchange risks; and the market price of oil.

All forward-looking statements are based on information available to us on the date of this filing, and we assume no obligation to update such statements, although we will continue to comply with our obligations under the securities laws.

The following discussion should be read in conjunction with our audited financial statements and notes contained in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 filed with the Commission and the consolidated interim financial statements and related notes included in this Report.

General

We are working to build a diversified portfolio of energy assets. To this end, from time to time, we may be engaged in various discussions to acquire businesses or formulate joint venture or other arrangements with energy companies located around the world. Our policy is not to disclose discussions or potential transactions until definitive agreements have been executed. Where appropriate, acquisitions will be financed with equity shares and this may result in substantial dilution to existing stockholders.

On July 16, 2008, we entered into a Joint Venture Agreement (the "JV Agreement") with Evgeny Bogorad ("Bogorad"), owner of Sibburnefteservis, Ltd. of Novosibirsk, Russia, an oil service company ("SIBBNS"). Pursuant to the JV Agreement, Bogorad has contributed certain of SIBBNS assets and personnel to a joint venture company named TOT-SIBBNS, Ltd., a Russian corporation ("TOT-SIBBNS"). An independent appraisal company has appraised the contributed assets at \$6,221,881.

At the closing on July 16, 2008, we issued to Bogorad 3,000,000 shares of our common stock in exchange for a 75% interest in TOT-SIBBNS. We are obligated to issue to Bogorad 2,000,000 additional shares of common stock upon TOT-SIBBNS obtaining \$10,000,000 in gross revenue during the three-year period following the closing. If TOT-SIBBNS achieves this gross revenue target and Bogorad continues to hold the shares issued pursuant to the JV

Agreement on the third anniversary of the closing and the stock price is less than \$1.00 per share, then we, in our sole discretion, must either make an additional payment in cash or additional shares of stock to Bogorad in an amount equal to the difference in the value per share and \$1.00 multiplied by the total number of shares held by Bogorad, or, if we decline to make such payment, Bogorad may require us to return our interest in TOT-SIBBNS in exchange for a payment to us of the fair market value of any assets acquired directly by TOT-SIBBNS (other than the assets initially contributed to the Joint Venture by Bogorad pursuant to the JV Agreement) and 75% of the retained earnings, accounts receivable and cash of TOT-SIBBNS. Bogorad will act as the manager of TOT-SIBBNS. We have the ability to appoint a majority of the Board of Directors of TOT-SIBBNS.

TOT-SIBBNS provides exploration services to oil exploration and production companies located in and around Novosibirsk, Russia. TOT-SIBBNS owns and operates four oil-drilling rigs that have generated the majority of the revenues of TOT-SIBBNS. TOT-SIBBNS uses this equipment for drilling exploratory wells for fees. In addition, TOT-SIBBNS provides engineering services and well remediation services on a contract fee basis.

On April 2, 2009, TOT-SIBBNS, our joint venture servicing the oil and gas industry in Russia, determined there would be no further oil drilling operations under its existing contract for the prior drilling season. TOT-SIBBNS has furloughed most employees (114 field and professional positions) until further notice. It is uncertain when or if drilling services under the existing contract will recommence. The contract for drilling services was temporarily suspended in January 2009 due to the inability of the customer to obtain necessary funding. During the quarter ended September 30, 2009, TOT-SIBBNS incurred additional expenses to rig, maintain and secure equipment on the job site in order to ensure our customer was granted an extension of their license. TOT-SIBBNS incurred total expenses of \$104,475 relating to this contract for the quarter ended September 30, 2009 and \$156,378 for the six months ended September 30, 2009.

As previously disclosed, the oil production business in Russia is seasonal and cyclical and was experiencing a down cycle in large part due to the lower prices relating to the selling price for a barrel of crude oil. While we are hopeful that drilling service demand will increase as prices currently remain stable in the \$80 per barrel range (or higher) and/or the Russian government adjusts drilling license regulations and fee structures, we can provide no assurance that this will be the case. We are currently marketing drilling operations for the upcoming drilling season (November – April) and we continue to advance rigging on our one, non-paying contract in order to allow our customer to retain their drilling license (see Note 4) and continue on the project.

KORLEA-TOT is our 51% joint venture with Korlea Invest Holding AG of Switzerland (“Korlea”) who is a provider and trader of energy assets in the Czech Republic. The new joint venture, Korlea-TOT, established as of July 17, 2008, is expected to assist in the marketing of oil assets sourced by other TOT-Energy companies and contacts. There has been no activity to date with this joint venture.

Short term financing is provided by TGR Energy, LLC (“TGR”) as we require additional working capital, pursuant to a Subscription Agreement dated August 7, 2008 (the “Subscription Agreement”). TGR has agreed to provide up to \$2,000,000 (the “Investment Amount”) in exchange for up to 100,000,000 shares of common stock and warrants to purchase up to 50,000,000 shares of common stock at an exercise price of \$0.05 per share. Pursuant to the Subscription Agreement, TGR will fund the Investment Amount as required in our operational budget. TGR’s obligation to fund the Investment Amount will be reduced by any future third party funding or investment on terms no less favorable than those contained in the Subscription Agreement.

For the fiscal year ended March 31, 2009, TGR was issued an aggregate of 82,725,335 shares of common stock of the Company and fully vested warrants to purchase 41,362,168 shares of common stock of the Company at an exercise price of \$0.05 per share pursuant to the terms of the Subscription Agreement. These issuances were in exchange for financings under the Subscription Agreement in the aggregate amount of \$1,654,507 of which \$1,017,097 was cash and \$637,410 related to refinancing of previously outstanding notes payable. A compensation charge of \$8,812,774 was recorded for the fiscal year ended March 31, 2009. This amount is calculated as the difference between the market price of our common stock at the end of each quarter in which shares were issued and the subscription price of the common shares (\$0.02) multiplied by the number of shares issued, plus the Black-Scholes valuation of the warrants issued as calculated at the end of each quarter.

For the quarter ended June 30, 2009, TGR was issued 4,077,700 shares of common stock of the Company and fully vested warrants to purchase 2,038,850 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$81,554 provided during the quarter under the terms of the Subscription Agreement. A compensation charge of \$1,264,087 was recorded for the quarter ended June 30, 2009 as an officer of the Company is also a principal of TGR and the securities issued were below market value as of the issue date.

For the quarter ended September 30, 2009, TGR was issued 5,395,600 shares of common stock of the Company and fully vested warrants to purchase 2,697,800 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$107,912 provided during the quarter under the terms of the Subscription Agreement. A compensation charge of \$2,077,306 was recorded for the quarter ended September 30, 2009 as an officer of the Company is also a principal of TGR and the securities issued were below market value as of the issue date.

The Company entered into a Sponsorship Agreement with American Speed Factory dated April 22, 2009, whereby the Company would receive certain promotional services and sponsorship rights to display the Company’s logo in connection with the 2009 Ferrari Challenge racing season in exchange for the issuance of 500,000 shares of restricted stock of the Company. This arrangement is valued at \$50,000, which amount was recorded as an advertising expense for the quarter ended June 30, 2009.

Up until May 15, 2009, Mr. New's base salary was \$140,000 with a \$30,000 bonus payable quarterly for meeting agreed upon objectives. On May 15, 2009, Mr. New's base salary was reduced from \$140,000 to 91,000 and his bonus was reduced from \$30,000 to \$19,500 annually. To partially offset the reduction in salary, the Company provided Mr. New with 25,000 shares of fully vested common stock in lieu of his March 31, 2009 cash bonus and 200,000 shares of common stock which vest monthly from April 1, 2009 to September 30, 2009. A compensation charge of \$12,500 was recorded for the quarter ended June 30, 2009 and a compensation charge of \$10,000 was recorded for the quarter ended September 30, 2009, which reflects the market value per share (\$0.10) on the first trading day after the date of grant.

Other employees (other than officers and directors) receiving salary reductions were granted a total of 50,000 shares of common stock vesting monthly between April 1, 2009 and September 30, 2009. The Company recorded a compensation expense of \$2,347 for the quarter ended June 30, 2009 and a compensation expense of \$1,042 for the quarter ended September 30, 2009, to reflect the market value of stock provided in lieu of cash compensation. Both of these charges were calculated using the price per share of common stock (\$0.10) on the first trading date after the date of grant.

For the quarter ended June 30, 2009, the Company accrued an expense of \$64,285 relating to stock expected to be issued in exchange for services to be provided by Olympus Securities. The Company is currently negotiating a revised contract for such services. Given the unstable equity markets over the last year, the Company and Olympus are working together to find a solution that provides value for both parties. There were no charges relating to this agreement for the quarter ended September 30, 2009.

Several factors raise significant doubt as to our ability to continue operating as a going concern. These factors include our history of net losses and that we have recently commenced operations and, until the second quarter of 2008, have earned minimal revenues. We are dependent upon TGR Energy, LLC or Mike Zoi to fund our operations. Our independent auditors' report on our financial statements for the year ended March 31, 2009 contains an explanatory paragraph about our ability to continue as a going concern. Management believes that our current operating strategy, as described in the preceding paragraphs, provides the opportunity for us to continue as a going concern; however, there is no assurance this will occur.

Results of Operations for the Three-Month Periods Ended September 30, 2009 and 2008

We reported a net loss of \$2,557,742 or \$(0.01) per share for the three months ended September 30, 2009, compared to a net loss of \$2,160,261 or \$(0.01) per share for the quarter ended September 30, 2008. Weighted average shares outstanding were 305,370,458 and 217,238,413 for the quarters ended September 30, 2009 and 2008, respectively.

The net loss for the three month period ended September 30, 2009 was negatively impacted by the non-cash compensation expense of \$2,077,306 related to shares and warrants issued pursuant to the Subscription Agreement with TGR as compared with a non-cash compensation expense of \$1,729,656 for the three months ended September 30, 2008.

Additionally the Company recorded a non-cash compensation charge of \$19,561 for shares issued and options vested during the three months ended September 30, 2009 as compared with a non-cash compensation charge of \$14,444 during the three month period ended September 30, 2008.

For the quarter ended September 30, 2008, there were no operations until mid-July when we purchased a 75% interest in TOT-SIBBNS. TOT-SIBBNS accounts for projects using the completed contract method where all costs are capitalized on the balance sheet as Project Costs. Contract billings are recorded as a reduction to Project Costs and revenue will only be recognized once amounts collected exceed costs incurred. We reported no revenue from contracts during the three months ended September 30, 2009 and we had no revenue for the three months ended September 30, 2008. Additionally, pursuant to the completed contract method, costs incurred for our existing oil drilling contract were \$104,475 for the quarter ended September 30, 2009 and related primarily to the rigging, on-going maintenance and security, of equipment, which is reflected in general and administrative costs.

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General and administrative expenses for the three months ended September 30, 2009, were \$2,639,159 of which \$325,572 were attributable to TOT-SIBBNS and \$2,313,537 were attributable to TOT Energy primarily relating to non-cash compensation expense. The following table details the major expense items by category for the Company for the three months ended September 30, 2009 compared to the three months ended September 30, 2008:

	September 30, 2009	September 30, 2008	Variances
Compensation expense for TGR Energy, LLC			
Subscription Agreement	\$ 2,077,306	\$ 1,729,656	\$ 347,650
Consulting fees	4,893	55,756	(50,863)
Compensation expense recorded for options issued	8,519	14,444	(5,925)
TOT SIBBNS General and Administrative	325,572	102,859	222,713
Salaries and Benefits	148,675	159,855	(11,180)
Professional Fees	23,606	41,479	(17,873)
Other	50,588	81,695	(31,107)
TOTAL	\$ 2,639,159	\$ 2,185,744	\$ 453,415

During the three months ended September 30, 2009, we obtained funding of an aggregate of \$107,912 under the Subscription Agreement with TGR and recognized a non-cash compensation expense of \$2,077,306. This charge is the result of an intrinsic value calculation that measures the difference between fair value on date of issuance of the shares and the purchase price per share under the Subscription Agreement, which amounted to a compensation expense of \$1,348,900. Additionally, the warrants to purchase 2,697,800 shares of common stock issued in connection with these fundings resulted in a corresponding compensation expense of \$728,406 based on a Black-Scholes valuation model. The total compensation charge for the three month period ended September 30, 2008 was \$1,729,656.

Professional fees were \$17,873 lower for the quarter ended September 30, 2009 as compared with the same period in 2008. For the three months ended September 30, 2009, consulting expenses for U.S. operations were \$50,863 lower and payroll was \$11,180 lower as compared with the three months ended September 30, 2008.

Other expenses of \$50,558 for the three months ended September 30, 2009 were considerably lower than other expenses of \$81,695 for the three months ended September 30, 2008 as a result of lower state tax accrual and lower rent and filing fee expenses.

TOT-SIBBNS general and administrative expenses were \$222,713 higher during the three months ended September 30, 2009 as compared with the same period in 2008. For the quarter ended September 30, 2009, all expenses and contract project costs are charged to operations as compared to the quarter ended September 30, 2008 where TOT-SIBBNS capitalized \$148,928 in project costs. Additionally, general and administrative costs were favorably impacted by the difference in the number of days included in each quarterly period. The 2008 quarterly period was 75 days due to the establishment of the joint venture in July 2008 as compared with a full 90 day quarterly period in 2009.

Other expense was \$0 and \$309 for the three months ended September 30, 2009 and 2008 respectively.

The non-controlling interest relating to the TOT-SIBBNS and Korlea-TOT joint ventures were \$81,393 and \$25, respectively, for the three months ended September 30, 2009 as compared with \$25,792 and \$0, respectively, for the three months ended September 30, 2008. The joint venture non-controlling interest reflects the joint venture partner's ownership of each joint venture.

Results of Operations for the Six-Month Periods Ended September 30, 2009 and 2008

We reported a net loss of \$4,339,773 or \$(0.01) per share for the six months ended September 30, 2009, compared to a net loss of \$2,463,549 or \$(0.01) per share for the six months ended September 30, 2008. Weighted average shares outstanding were 303,323,673 and 215,873,093 for the quarters ended September 30, 2009 and 2008, respectively.

During the six months ended September 30, 2009, we obtained funding of an aggregate of \$189,466 under the Subscription Agreement with TGR and recognized a non-cash compensation expense of \$3,341,393. This charge is the result of an intrinsic value calculation that measures the difference between fair value on date of issuance of the shares and the purchase price per share under the Subscription Agreement, which amounted to a compensation expense of \$2,164,440. Additionally, the warrants to purchase 4,736,650 shares of common stock issued in connection with these fundings resulted in a corresponding compensation expense of \$1,176,953 based on a Black-Scholes valuation model. For the six months ended September 30, 2008, we incurred a total compensation charge of \$1,729,656 in connection with fundings under the Subscription Agreement.

TOT-SIBBNS general and administrative expenses were \$663,472 for the six months ended September 30, 2009 as compared with \$102,859 reported for the six months ended September 30, 2008. The \$102,859 represents only 75 days of general and administrative expenses as we formed the TOT-SIBBNS joint venture on July 16, 2008. The \$663,472 represents a full six months of operating expenses.

Investor relations expense was \$83,535 for the six months ended September 30, 2009 and \$36,268 for the same period in 2008. The \$47,267 in additional expense was a result of \$64,285 accrued for expected stock based investor relations compensation (see Note 6). Rent expense decreased due to relocating U.S. operations to cheaper office space. Additionally, consulting fees paid in 2008 of \$45,500 relating to the formation of Korlea-TOT joint venture were not reproduced in 2009. Professional fees decreased by \$75,914 in 2009 when compared to the six month period ended September 30, 2008 as a result of lower consulting, legal and accounting fees for the six months ended September 30, 2009.

The following table summarizes general and administrative expenses for the six months ended September 30, 2009 and 2008:

	September 30, 2009	September 30, 2008	Variances
Compensation expense for TGR Energy, LLC Subscription Agreement	\$ 3,341,393	\$ 1,729,656	\$ 1,611,737
TOT-SIBBNS general and administrative (Russia)	663,472	102,859	560,613
Investor relations	83,535	36,268	47,267
All other general and administrative expenses for TOT USA	74,412	53,646	20,766
Salaries and benefits (USA)	303,130	289,888	13,242
Compensation expense recorded for options issued	16,945	14,444	2,501
Insurance - Directors and Officers	7,556	7,792	(236)
Costs associated with public filings	5,191	11,905	(6,714)
Travel	21,256	42,019	(20,763)
Rent	4,000	34,393	(30,393)
Consulting fees (non-cash) paid in stock re Korlea-TOT formation	-	45,500	(45,500)
Professional Fees (accounting, legal, consulting and other)	44,748	120,662	(75,914)
Total General and Administrative Expenses	\$ 4,565,638	\$ 2,489,032	\$ 2,076,606

Liquidity and capital resources

At September 30, 2009, we had an accumulated deficit of \$21,136,174 and cash of \$95,950. We are dependent upon receiving funds from our controlling stockholder, TGR Energy, LLC, which is controlled by our president, Mike Zoi. Pursuant to the Subscription Agreement, TGR is obligated to invest up to \$2,000,000 to fund short term working capital requirements in exchange for up to 100,000,000 shares of our common stock and warrants to purchase up to 50,000,000 shares of common stock with an exercise price of \$0.05. The shares and warrants will be issued quarterly and we will record an appropriate compensation expense as necessary based on the fair value of the securities on the last day of each fiscal quarter (the date of issuance). At September 30, 2009, the remaining investment obligation is \$120,614.

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For the fiscal year ended March 31, 2009, TGR was issued an aggregate of 82,725,335 shares of common stock of the Company and fully vested warrants to purchase 41,362,168 shares of common stock of the Company at an exercise price of \$0.05 per share pursuant to the terms of the Subscription Agreement. These issuances were in exchange for financings under the Subscription Agreement in the aggregate amount of \$1,654,507 of which \$1,017,097 was cash and \$637,410 related to refinancing of previously outstanding notes payable. A compensation charge of \$8,812,774 was recorded for the fiscal year ended March 31, 2009. This amount is calculated as the difference between the market price of our common stock at the end of each quarter in which shares were issued and the subscription price of the common shares (\$0.02) multiplied by the number of shares issued, plus the Black-Scholes valuation of the warrants issued as calculated at the end of each quarter.

For the quarter ended June 30, 2009, TGR was issued 4,077,700 shares of common stock of the Company and fully vested warrants to purchase 2,038,850 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$81,554 provided during the quarter under the terms of the Subscription Agreement. A compensation charge of \$1,264,087 was recorded for the quarter ended June 30, 2009 as an officer of the Company is also a principal of TGR and the securities issued were below market value. This amount is calculated as the difference between the market price of our common stock at the end of each quarter in which shares were issued and the subscription price of the common shares (\$0.02) multiplied by the number of shares issued, plus the Black-Scholes valuation of the warrants issued as calculated at the end of each quarter.

For the quarter ended September 30, 2009, TGR was issued 5,395,600 shares of common stock of the Company and fully vested warrants to purchase 2,697,800 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$107,912 provided during the quarter under the terms of the Subscription Agreement. A compensation charge of \$2,077,306 was recorded for the quarter ended September 30, 2009 as an officer of the Company is also a principal of TGR and the securities issued were below market value as of the issue date. This amount is calculated as the difference between the market price of our common stock at the end of each quarter in which shares were issued and the subscription price of the common shares (\$0.02) multiplied by the number of shares issued, plus the Black-Scholes valuation of the warrants issued as calculated at the end of each quarter.

Off-balance sheet arrangements

At September 30, 2009, we did not have any off-balance sheet arrangements as defined in item 303(a)(4) of Regulation S-K.

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued SFAS No. 168, “The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162.” SFAS No. 168 sets forth the FASB Accounting Standards Codification (the “Codification”) as the single source of authoritative nongovernmental GAAP. The Codification was launched on July 1, 2009 and is the official source of authoritative, nongovernmental U.S. GAAP, superseding existing FASB, American Institute of Certified Public Accountants (AICPA), EITF, and related literature. After the Codification was launched on July 1, 2009, only one level of authoritative U.S. GAAP exists, other than guidance issued by the Securities and Exchange Commission. All other accounting literature excluded from the Codification will be considered non-authoritative. The Codification is effective for interim and annual periods ending after September 15, 2009 and was adopted by the Company for the three month period ended September 30, 2009. The adoption of this statement did not have a material impact on the Company’s consolidated financial statements.

In May 2008, the FASB issued Accounting Standards Codification (“ASC”) 855, Subsequent Events (formerly SFAS No. 165), which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Adoption of this Statement did not result in a change in current practice.

In September 2006, the FASB issued FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The Company adopted FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures (formerly SFAS 157) effective April 1, 2008 for all financial assets and liabilities and any other assets and liabilities that are recognized or disclosed at fair value on a recurring basis (see “NOTE 10 — Fair Value Measurement”). The adoption of this statement on April 1, 2008, did not have a significant impact on the Company’s consolidated financial position, results of operations or cash flows.

FASB ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2009 and 2008.

Stock Options and Warrants: Options and warrants are Level 2 in the valuation framework. Options and warrants are granted to employees, vendors and others for incentive purposes or in exchange for services. The Company values options and warrants using a Black-Scholes valuation model that considers the Company's stock volatility, stock price, dividends, option/warrant term, option/warrant exercise price and a bond equivalent yield. Using the inputs above, an option or warrant value is determined using the Black-Scholes formula and this value is multiplied by the number of securities provided in order to determine a fair value charge for the particular options or warrants under valuation.

Common Stock: Valued at the quoted closing price reported on the over the counter bulletin board (OTCBB) exchange as of the first day after the stock is granted that the stock trades less any compensation received for common stock. Common stock is treated as Level 1 in the valuation framework above.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Item 4. Controls and Procedures.

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized 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 is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 30, 2009, we continue to develop our core activities and focus our resources on the acquisition of assets in the energy sector. Our disclosure controls and procedures are currently inadequate because there are a limited number of personnel employed and we cannot have an adequate segregation of duties. Management works to mitigate this risk by being personally involved in all substantive transactions. We are in the process of reviewing and, where necessary, modifying controls and procedures throughout the Company as resources permit. We expect this process to continue through the fiscal 2010 and 2011.

During the quarter ended September 30, 2009, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal proceedings

We are not currently a party to any such proceedings the outcome of which would have a material effect on our financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities

For the quarter ended September 30, 2009, TGR was issued 5,395,600 shares of common stock of the Company and fully vested warrants to purchase 2,697,800 shares of common stock of the Company for \$0.05 per share in exchange for funding of \$107,912 provided during the quarter under the terms of the Subscription Agreement.

During the quarter ended September 30, 2009, the Company issued an aggregate of 110,417 shares of common stock in lieu of salaries and bonuses to employees of the Company.

We believe that each of the foregoing securities transactions were exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, by virtue of Section 4(2) of the Securities Act which exempts transactions by an issuer not involving any public offering.

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Item 6. Exhibits

Exhibit Number	Description
2.1	Agreement and Plan of Merger among Ener1 Acquisition Corp., Registrant and Ener1, Inc., dated as of June 9, 2004, incorporated herein by reference to Exhibit 2.1 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
2.2	First Amendment to Agreement and Plan of Merger among Ener1 Acquisition Corp., Registrant and Ener1, Inc., dated as of October 13, 2004, incorporated herein by reference to Exhibit 2.2 to Amendment No. 1 to Splinx's Registration Statement on Form S-1 filed with the Commission on October 15, 2004 (Registration No. 333-116817)
2.3	Second Amendment to Agreement and Plan of Merger among Ener1 Acquisition Corp., Splinx and Ener1, Inc., dated as of December 23, 2004, incorporated herein by reference to Exhibit 2.3 to Amendment No. 3 to Splinx's Registration Statement on Form S-1 filed with the Commission on December 27, 2004 (Registration No. 333-116817)
3.1	Certificate of Incorporation of Splinx, incorporated herein by reference to Exhibit 3.1 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
3.2	Certificate of Merger of Splinx, incorporated herein by reference to Exhibit 3.2 to Amendment No. 3 to Splinx's Registration Statement on Form S-1 filed with the Commission on December 27, 2004 (Registration No. 333-116817)
3.3	Bylaws of Splinx, incorporated herein by reference to Exhibit 3.3 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
3.4	Certificate of Amendment of Articles of Incorporation, incorporated herein by reference to Appendix A to Schedule 14C filed with the Commission on February 11, 2009.
10.1	Bridge Loan Agreement between Registrant and Ener1 Group, Inc. dated November 2, 2004 incorporated herein by reference to Exhibit 10.13 to Amendment No. 2 to Splinx's Registration Statement on Form S-1 filed with the Commission on December 3, 2004 (Registration No. 333-116817)
3.4	Certificate of Amendment of Articles of Incorporation herin filed by reference to Appendix A to Schedule 14C filed with the Commission on February 11, 2009.
10.1	Bridge Loan Agreement between Registrant and Ener1 Group, Inc. dated November 2, 2004 incorporated herein by reference to Exhibit 10.13 to Amendment No. 2 to Splinx's Registration Statement on Form S-1 filed with the Commission on December 3, 2004 (Registration No. 333-116817)
10.2	Amendment to Bridge Loan Agreement between Registrant and Ener1 Group, Inc. dated November 17, 2004 incorporated herein by reference to Exhibit 10.14 to Amendment No. 2 to Splinx's Registration Statement on Form S-1 filed with the Commission on December 3, 2004 (Registration No. 333-116817)
10.3	

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- Employment Agreement between Christian Schormann and Splinx dated January 12, 2005, incorporated herein by reference to Exhibit 10.15 of the Current Report on Form 8-K filed with the Commission on January 25, 2005.
- 10.4 Revolving Debt Funding Commitment Agreement between Bzinfin, S.A. and Registrant, dated as of June 9, 2004, incorporated herein by reference to Exhibit 10.1 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.5 2004 Stock Option Plan of Registrant, incorporated herein by reference to Exhibit 10.2 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.6 Form of Stock Option Agreement of Registrant, incorporated herein by reference to Exhibit 10.3 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.7 Sublease Agreement between Ener1 Group, Inc. and Splinx, LLC, dated as of November 1, 2003, assigned to Registrant as of April 1, 2004, incorporated herein by reference to Exhibit 10.4 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)

- 10.8 Contribution Agreement between Splinx, LLC and Registrant, dated as of April 1, 2004, incorporated herein by reference to Exhibit 10.5 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.9 Assignment and Assumption of Employment Agreements between Splinx, LLC and Registrant, dated as of April 1, 2004, incorporated herein by reference to Exhibit 10.6 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.10 Global Bill of Sale and Assignment and Assumption Agreement between Splinx, LLC and Registrant, dated as of April 1, 2004, incorporated herein by reference to Exhibit 10.7 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.11 Employment letter between Gerard Herlihy and Registrant, dated May 20, 2004, incorporated herein by reference to Exhibit 10.8 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.12 Consulting Agreement between Dr. Peter Novak and Registrant, dated January 1, 2004, incorporated herein by reference to Exhibit 10.9 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.13 Form of Employee Innovations and Proprietary Rights Assignment Agreement, incorporated herein by reference to Exhibit 10.10 to Splinx's Registration Statement on Form S-1 filed with the Commission on June 24, 2004 (Registration No. 333-116817)
- 10.14 Form of Indemnification Agreement, incorporated herein by reference to Exhibit 10.11 to Amendment No. 3 to Splinx's Registration Statement on Form S-1 filed with the Commission on December 27, 2004 (Registration No. 333-116817)
- 10.15 Employment Agreement between Michael Stojda and Registrant, dated September 1, 2004, incorporated herein by reference to Exhibit 10.12 to Amendment No. 1 to Splinx's Registration Statement on Form S-1 filed with the Commission on October 15, 2004 (Registration No. 333-116817)
- 10.16 Reseller Agreement between Waterloo Maple Inc. and TOT Energy, Inc. dated May 27, 2005., incorporated herein by reference to Exhibit 10.1 to Splinx's Current Report on Form 8-K, filed with the Commission on June 3, 2005
- 10.17 Severance Agreement dated November 21, 2005 by and between Splinx and Michael Stojda, incorporated by reference to Exhibit 10.1 to Splinx's Current Report on Form 8-K, filed with the Commission on November 21, 2005
- 10.18 Termination Agreement dated October 17, 2005 by and between Splinx and Christian Schormann, incorporated by reference to Exhibit 10.2 to Splinx's Current Report on Form 8-K, filed with the Commission on November 21, 2005
- 10.19 First Amendment to Splinx Technology, Inc. 2004 Stock Option Plan incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K, filed with the Commission on June 30, 2009

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Code of Ethics incorporated by reference to Exhibit 10.2 to Splinx's Annual Report on Form 10-K for the year ended March 31, 2005, filed with the Commission on June 30, 2005

- 31.1* Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2* Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1* Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

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.

TOT Energy, Inc.
Registrant

Date: November 16, 2009

By: /s/ Jonathan New
Name: Jonathan New
Title: Chief Financial Officer