

TRANSGLOBE ENERGY CORP
Form 40-F
March 16, 2012

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

FORM 40-F

[Check one]

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT
OF 1934 OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended **December 31, 2011**

Commission File Number **001-31891**

TransGlobe Energy Corporation

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English (if applicable))

Alberta, Canada

(Province or other jurisdiction of incorporation or organization)

1311

(Primary Standard Industrial Classification Code Number (if applicable))

(I.R.S. Employer Identification Number (if applicable))

Suite 2300, 250 Fifth Street SW, Calgary, Alberta, Canada T2P 0R4, (403) 264-9888

(Address and telephone number of Registrant's principal executive offices)

John L. Mericle
Harris, Mericle & Wakayama
901 Fifth Avenue, Suite 4100
Seattle, Washington 98164

tel.: (206) 621-1818

(Name, address (including zip code) and telephone number (including area code) Of agent for service in the United

States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

Common Shares Without Par Value

The NASDAQ Stock Market LLC

(Global Select Market)

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

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For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of shares outstanding of the issuer's common shares as of fiscal year ended December 31, 2011 was 73,054,138.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☐ No ☐

As a foreign private issuer that prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Registrant is required to submit to the SEC and post on its corporate website Interactive Data Files (as defined by Item 11 of Regulation S-T) pursuant to Rule 405 of Regulation S-T and General Instruction B, paragraph 15 of Form 40-F.

However, it is the view of the SEC's Division of Corporation Finance and Office of the Chief Accountant that the Registrant is not required to submit to the SEC and post on its corporate website Interactive Data Files until the SEC specifies on its website a taxonomy for use by foreign private issuers in preparing their Interactive Data Files.

As of the submission date of this Annual Report on Form 40-F, the SEC has not specified an IFRS taxonomy for the Registrant to use in preparing its Interactive Data Files.

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F:

A. Annual Information Form

For the Registrant's Annual Information Form for the fiscal year ended December 31, 2011, see Exhibit 99.1 of this Annual Report on Form 40-F, which is incorporated by reference herein.

B. Audited Annual Financial Statements and accompanying Management's Discussion and Analysis

For the Registrant's Consolidated Audited Annual Financial Statements and accompanying Management's Discussion and Analysis for fiscal year ended December 31, 2011, including the reports of Independent Registered Chartered Accountants with respect thereto, see Exhibits 99.2, 99.3 and 99.4 of this Annual Report on Form 40-F, which are incorporated by reference herein.

DISCLOSURE CONTROLS AND PROCEDURES

After evaluating the effectiveness of the Registrant's disclosure controls and procedures as required by paragraph (b) of Exchange Act Rule 13a-15, the Chief Executive Officer and Chief Financial Officer of the Registrant have concluded that, as of the end of the Registrant's fiscal year covered by this Annual Report on Form 40-F, the Registrant's disclosure controls and procedures were effective to ensure that material information required to be disclosed by the Registrant in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, and accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). The Registrant's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management recognizes that effective internal control over financial reporting may nonetheless not prevent or detect all possible misstatements or frauds. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has evaluated the effectiveness of the Registrant's internal control over financial reporting as of December 31, 2011 based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that, as of December 31, 2011, the Registrant maintained effective internal control over financial reporting.

Deloitte & Touche LLP, the independent registered chartered accountants that audited the Registrant's consolidated financial statements included in this Annual Report on Form 40-F, has issued an attestation report on management's assessment of the Registrant's internal control over financial reporting.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

A copy of Deloitte & Touche LLP's attestation report on internal control over financial reporting is provided herein as Exhibit 99.4 of this Annual Report on Form 40-F.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the period covered by this Annual Report on Form 40-F, there was no change that occurred in the Registrant's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rule 13a-15 that materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR

Not applicable.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's Board of Directors has determined that it has at least one audit committee financial expert serving on its Audit Committee. Fred J. Dymont has been determined by the Registrant's Board of Directors to meet the audit committee financial expert criteria prescribed by the Securities and Exchange Commission (SEC) and is an independent director, as that term is defined under the listing standards applicable to the Registrant contained in Rule 5605(a)(2) of the National Association of Securities Dealers Automated Quotation System (NASDAQ) Marketplace Rules. Mr. Dymont is a Chartered Accountant with over 30 years' experience in the oil and gas industry and was previously President and Chief Executive Officer of Maxx Petroleum Company (2000-2001). Before that, he was Controller, Vice President Finance and then President and Chief Executive Officer of Ranger Oil Limited from 1978-2000. The SEC has indicated that the designation of Mr. Dymont as an audit committee financial expert does not make him an expert for any purpose, impose any duties, obligations or liability on him that are greater than those imposed on members of the Audit Committee and Board of Directors who do not carry this designation, or affect the duties, obligations or liability of any other member of the Audit Committee.

CODE OF ETHICS FOR CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, AND OFFICERS AND DIRECTORS

The Registrant has adopted a Code of Conduct and Conflict of Interest Guidelines for Directors and Officers. Shareholders may obtain a copy upon request, addressed to the Corporate Secretary, TransGlobe Energy Corporation, Suite 2300, 250 -5th Street, S.W. Calgary, Alberta, T2P 0R4, Canada. The Registrant has also posted its Code of Conduct and Conflict of Interest Guidelines for Directors and Officers on its Internet Web site at www.trans-globe.com. All amendments to the Code of Conduct and Conflict of Interest Guidelines for Directors and Officers and all waivers of the Code of Conduct and Conflict of Interest Guidelines for Directors and Officers with respect to any of the persons covered by them will be filed with the SEC and posted on EDGAR at www.sec.gov.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The required disclosure is included in the Audit Committee Information section under the heading Principal Accountant Fees and Services on page 47 of the Registrant's Annual Information Form for the fiscal year ended December 31, 2011, filed as part of this Annual Report on Form 40-F.

PRE-APPROVAL OF POLICIES AND PROCEDURES

It is within the mandate of the Registrant's Audit Committee to approve all audit and non-audit related fees. The Audit Committee is informed routinely as to the non-audit services actually provided by the auditor pursuant to this pre-approval process. The auditors also present the estimate for the annual audit related services to the Audit Committee for approval prior to undertaking the annual audit of the financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

None.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

(\$000s)	Total	Payment Due by Period ^{1,2}			
		Less Than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Long-term debt					
Revolving Credit Agreement	60,000	-	60,000	-	-
Office and equipment leases	17,300	8,368	3,465	2,028	3,439
Minimum work commitments ³	750	750	-	-	-
Total (expressed in United States Dollars)	78,050	9,118	63,465	2,028	3,439

¹ Payments exclude ongoing operating costs related to certain leases, interest on long-term debt and payments made to settle derivative contracts.

² Payments denominated in foreign currencies have been translated at the December 31, 2011 exchange rate.

³ Minimum work commitments include contracts awarded for capital projects and those commitments related to exploration and drilling obligations.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 40-F and the principal documents incorporated by reference herein may include certain statements deemed to be forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements relate to future events or the Registrant's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual operational and financial results may differ materially from the Registrant's expectations contained in the forward-looking statements as a result of various risk factors, many of which are beyond the control of the Registrant. These risk factors include, but are not limited to:

- unforeseen changes in the rate of production from the Registrant's oil and gas fields;
- changes or disruptions in the political or fiscal regimes in the Registrant's areas of activity;
- changes in the price of crude oil;
- adverse technical factors associated with exploration, development, production or transportation of the Registrant's crude oil reserves;
- changes in Egypt or Yemen tax, energy or other laws or regulations;
- changes in significant capital expenditures;
- delays in production starting up due to an industry shortage of skilled manpower, equipment or materials;
- the cost of inflation;
- the performance characteristics of the Registrant's oil properties;
- oil production levels;
- the quantity of oil reserves;

- capital expenditure programs;
- supply and demand for oil and commodity prices;
- drilling plans;
- expectations regarding the Registrant's ability to raise capital and to continually add to reserves through acquisitions, exploration and development;
- treatment under governmental regulatory regimes and tax laws;
- realization of the anticipated benefits of acquisitions and dispositions;
- general economic conditions in Canada, the United States and globally;
- general economic stability of the Registrant's financial lenders and creditors;
- payment of crude oil marketing contracts and associated financial hedging instruments;
- industry conditions, including fluctuations in the price of oil;
- governmental regulation of the oil and gas industry, including environmental regulation;

- fluctuation in foreign exchange or interest rates;
- risks inherent in oil operations;
- geological, technical, drilling and processing problems;
- unanticipated operating events which can reduce production or cause production to be shut-in or delayed;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- incorrect assessments of the value of acquisitions;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under "Risk Factors" in the Registrant's Annual Information Form for fiscal year ended December 31, 2011, incorporated herein as Exhibit 99.1 to this Annual Report on Form 40-F.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that some or all of the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this Annual Report on Form 40-F and the documents incorporated by reference herein are expressly qualified by this cautionary statement.

The Registrant believes that the expectations reflected in the forward-looking statements contained in this Annual Report on Form 40-F and the principal documents incorporated by reference herein are reasonable, but no assurance can be given that these expectations will prove to be correct, and investors should not attribute undue certainty to, or place undue reliance on, such forward-looking statements. Such statements speak only as of the date of this Annual Report on Form 40-F. If circumstances or management's beliefs, expectations or opinions should change, the Registrant does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities law. Please consult the Registrant's public filings at www.sedar.com and on EDGAR at www.sec.gov for further, more detailed information concerning these matters.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately designated standing Audit Committee. The current members of the Audit Committee are:

Chair:	Fred J. Dymont
Members:	Geoffrey Chase
	Robert C. Jennings

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report on Form 40-F to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: **TRANSGLOBE ENERGY
CORPORATION**

By: */s/ Ross G. Clarkson*
Ross G. Clarkson
Chief Executive Officer

Date: March 15, 2012

EXHIBITS

<u>23.1</u>	<u>Consent of Independent Registered Chartered Accountants, Deloitte & Touche LLP.</u>
<u>23.2</u>	<u>Consent of Independent Engineers: DeGolyer and MacNaughton Canada Limited.</u>
<u>31.1</u>	<u>Certification by the Chief Executive Officer of the Registrant pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2</u>	<u>Certification by the Chief Financial Officer of the Registrant pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1</u>	<u>Certification by the Chief Executive Officer of the Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2</u>	<u>Certification by the Chief Financial Officer of the Registrant pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>99.1</u>	<u>TransGlobe Energy Corporation Annual Information Form for the year ended December 31, 2011.</u>
<u>99.2</u>	<u>Consolidated Audited Financial Statements for the year ended December 31, 2011.</u>
<u>99.3</u>	<u>Management's Discussion and Analysis for the year ended December 31, 2011.</u>
<u>99.4</u>	<u>Reports of Independent Registered Chartered Accountants, Deloitte & Touche LLP.</u>