GEOGLOBAL RESOURCES INC.
Form 10KSB
April 17, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-KSB

Mark One:
þ Annual Report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the fiscal year ended **December 31, 2006**; or

¨ Transition Report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________.

Commission File No. 1-32158

GEOGLOBAL RESOURCES INC.
(Name of small business issuer in its charter)

Delaware	**33-0464753**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Suite 310, 605 - 1 Street SW, Calgary, Alberta, Canada	**T2P 3S9**
(Address of principal executive offices)	(Zip Code)

(403) 777-9250
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
	None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, par value $.001 per share

(Title of Each Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act ¨

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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. þ Yes ¨ No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ¨

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

Issuer's revenues for its most recent fiscal year: $-0-

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of April 13, 2007 was $202,227,474**.** (See definition of affiliate in Rule 12b-2 of the Exchange Act).

The number of shares outstanding of each of the issuer's classes of common equity, as of April 13, 2007, was 66,228,256.

DOCUMENTS INCORPORATED BY REFERENCE

None

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PART I

Item 1. Description of Business

GeoGlobal Resources Inc. is engaged, through our subsidiaries and joint ventures in which we are a participant, in the exploration for and development of oil and natural gas reserves. At present, these activities are being undertaken in locations where we and our joint venture participants have been granted exploration rights pursuant to production sharing contracts ("PSCs") we have entered into with the Government of India ("GOI") under its New Exploration Licensing Policy ("NELP") bidding processes. As of April 13, 2007, we have entered into contracts with respect to ten of these exploration blocks as follows:

- The first of our agreements, entered into in February 2003 under NELP-III, grants exploration rights in an area offshore eastern India in the Krishna Godavari Basin in the State of Andhra Pradesh. We refer to this KG-OSN-2001/3 exploration block as the "KG Offshore Block" and we have a net 5% carried interest ("CI") under this agreement.

- We entered into two agreements which grant exploration rights in areas onshore in the Cambay Basin in the State of Gujarat in western India. These agreements were entered into in February 2004 under NELP-IV and we have a 10% participating interest ("PI") under each of these agreements. We refer to the CB-ONN-2002/2 exploration block as the "Mehsana Block" and the CB-ONN-2002/3 exploration block as the "Sanand/Miroli Block."

- Pursuant to an agreement entered into in April 2005, we purchased from Gujarat State Petroleum Corporation Limited ("GSPC"), a 20% PI in the agreement granting exploration rights granted under NELP-III to an onshore exploration block in the Cambay Basin in the State of Gujarat in western India. We refer to this CB-ON/2 exploration block as the "Tarapur Block".

- In September 2005, we entered into agreements with respect to two areas under NELP-V. One area is located onshore in the Cambay Basin located in the State of Gujarat south-east of our three existing Cambay blocks, for which we hold a 10% PI. We refer to this CB-ONN-2003/2 exploration block as the "Ankleshwar Block". The second area is located onshore in the Deccan Syneclise Basin located in the northern portion of the State of Maharashtra in west-central India for which we hold a 100% PI interest and are the operator. We refer to this DS-ONN-2003/1 exploration block as the "DS 03 Block".

- In March 2007, we signed agreements with respect to four additional locations awarded under NELP-VI.

  § One area is located onshore in the Krishna Godavari Basin in the State of Andhra Pradesh adjacent to our KG Offshore Block in eastern India in which we hold a 10% PI. We currently refer to this KG-ONN-2004/1 exploration block as the "KG Onshore Block".

  § The second area includes two agreements located onshore in north-west India in the Rajasthan Basin in the State of Rajasthan and we hold a 25% PI in each of the agreements. We currently refer to the RJ-ONN-2004/2 exploration block as the "RJ Block 20" and the RJ-ONN-2004/3 exploration block as the "RJ Block 21".

  § The fourth area is located onshore in the Deccan Syneclise Basin in the State of Maharashtra adjacent to our DS 03 Block in west-central India for which we hold a 100% PI and are the operator. We currently refer to this DS-ONN-2004/1 exploration block as the "DS 04 Block".

To date, we have not earned any revenue from these activities and we are considered to be in the development stage. The recoverability of the costs we have incurred to date is uncertain and dependent upon us achieving commercial production and sale of hydrocarbons, our ability to obtain sufficient financing to fulfill our obligations under the PSCs in India and upon future profitable operations and upon finalizing agreements with GSPC.

All of the exploration activities in which we are a participant should be considered highly speculative.

All dollar amounts stated in this annual report are stated in United States dollars.

Unless the context should otherwise require, references to "we," "us" and "our" in this annual report refer to GeoGlobal Resources Inc. and our wholly-owned consolidated subsidiaries. When we refer to GeoGlobal Barbados, we are referring to GeoGlobal Resources (Barbados) Inc., our wholly-owned subsidiary incorporated under the *Companies Act of Barbados* that is the contracting party under our four PSCs covering four blocks in the Cambay Basin, our two PSCs covering two blocks in the Deccan Syneclise Basin, our two PSCs covering two blocks in the Rajasthan Basin and one PSC covering the KG Onshore Block in the Krishna Godavari Basin. When we refer to GeoGlobal India, we are referring to GeoGlobal Resources (India) Inc., our wholly-owned subsidiary continued under the *Companies Act of Barbados* that is the contracting party under our PSC covering one KG Offshore Block in the Krishna Godavari Basin.

The map of India below shows the relative locations of the exploration blocks that are the subject of our ten PSCs with the GOI including the four PSCs covering the recently awarded blocks under NELP-VI.

Map of India

[this map denotes our locations in general and does not indicate specific size of blocks or basins]

Our Oil and Gas Activities

Our oil and gas activities are currently conducted in four geographic areas in geologic basins offshore and onshore India where reserves of oil or natural gas are believed by our management to exist. These areas include:

- The Krishna Godavari Basin offshore in the State of Andhra Pradesh in eastern India;
- The Cambay Basin onshore in the State of Gujarat in western India;
- The Deccan Syneclise Basin onshore in the northern portion of the State of Maharashtra in west central India; and
- The Rajasthan Basin onshore in the State of Rajasthan in north western India.

Our Krishna Godavari Basin Agreements

KG Offshore Block

We, along with our joint venture partners GSPC and Jubilant Oil & Gas Pvt. Ltd. ("Jubilant") are parties to a PSC dated February 4, 2003 which grants to the three parties the right to conduct exploratory drilling activities in the shallower waters of the Krishna Godavari Basin. The PSC covers an area of approximately 1,850 square kilometers ("sq kms") (457,145 acres) and was awarded under NELP-III. We have a net 5% CI in this exploration block. The exploration phase for this PSC extends for a term of up to 6.5 years commencing on March 12, 2003. The first two phases cover a period of 2.5 years each, and the last phase covers a period of 1.5 years. During the first exploration phase, the parties are to acquire, process and interpret 1,250 sq km of 3-D seismic data, reprocess 2,298.4 line kilometers ("LKMs") of 2-D seismic data and conduct a bathymetric survey, all of which has been completed. In addition, we are to drill a total of fourteen exploratory wells between 900 to 4,118 meters. During the second and third phases, if the parties elect to proceed with them, in addition to bathymetric surveys in connection with each phase, the parties are to drill four exploratory wells between 1,100 to 2,850 meters and two exploratory wells to 1,550 and 1,950 meters, respectively.

KG Onshore Block

We, along with out joint venture partner Oil India Limited ("OIL") are parties to a PSC dated March 2, 2007. The PSC covers an area of approximately 548 sq km (135,414 acres) onshore in the Krishna Godavari Basin, is located directly adjacent to and south-west of our KG Offshore Block and was awarded under NELP-VI. We hold a 10% PI in this exploration block, while OIL, as operator, holds the remaining 90% PI. On September 14, 2006, prior to submission of our NELP-VI bid, we entered into an agreement with OIL to increase our PI up to 25% in this exploration block, subject to the availability of sufficient net worth and GOI consent.

The exploration phase for this PSC extends for a term of up to 7 years and will commence upon the date the Production Exploration Licence ("PEL") is issued. The Phase I work commitment which covers a period of 4 years, consists of reprocessing 564 LKM of 2-D seismic, conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 548 sq km of 3-D seismic. This Phase I commitment further consists of the drilling of 12 exploration wells to various depths between 2,000 and 5,000 meters. The Phase II work commitment which covers a period of 3 years is to drill one exploration well to a depth of 4,600 meters.

Our Krishna Godavari Basin Exploration Activities

The KG Offshore Block

As of April 13, 2007, GSPC as operator has completed the acquisition, processing and interpretation of a 1,298 sq km marine 3-D seismic program as well as completed an additional marine 3-D seismic program of approximately 300 sq km. This data has been processed and interpreted.

GSPC currently has contracted with Saipem SPA, part of ENI, Italy, for the Saipem Perro Negro 3 jack-up drilling rig to drill 10 exploratory wells, with an option of extending the contract for 2 additional exploratory wells. As of April 13, 2007, the Saipem Perro Negro 3 drilling rig has drilled five exploratory wells and is currently drilling an additional exploration well that has been classified by the management committee as an appraisal well for the purposes of the PSC. Two of the five exploratory wells, the KG#1 drilled in 2004 and the KG#11 drilled in 2005 have both been abandoned.

GSPC has also entered into a 25 month contract with Atwood Oceanics Inc., a Houston based International Offshore Drilling Contractor, for the Atwood Beacon jack-up drilling rig to drill additional exploration wells on the KG Offshore Block. The Atwood Beacon drilling rig is currently drilling one exploratory well.

The KG#8 exploratory well was drilled to a depth of 5,061 meters and 10 meters of perforations across the interval from 4,747.5 to 4,777 meters were tested which resulted in a stabilized flow rate in excess of 10 million standard cubic feet per day ("MMSCFD") of gas at a wellhead flowing pressure of 4,500 psi.

The KG#17 exploratory well was drilled from the KG#8 platform directionally to a location 1.81 kilometers to the northeast of the KG#8 wellhead location to a depth of 5,601 meters (5,223 meters total vertical depth ("TVD")). Twenty meters of perforations across the interval from 3,801 to 3,830 meters was tested which resulted in a stabilized flow rate of 4.8 MMSCFD of gas plus 900 barrels per day ("BBLD") of condensate at a wellhead flowing pressure of 1,900 psi through a 24/64 inch choke.

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The KG#15 exploratory well was drilled also from the KG#8 platform directionally to a location 750 meters south southeast of the KG#8 wellhead location to a depth of 5,745 meters (5,669 meters TVD). Thirty three meters of perforations across the interval from 4,651 to 4,705 meters were tested which resulted in a stabilized flow rate of in excess of 14 MMSCFD of gas plus 300 BBLD of condensate at a wellhead flowing pressure of 4,200 psi through a 28/64 inch choke. An additional 33 meters of perforations across the interval from 4,464 to 4,587 meters were tested which resulted in a stabilized flow rate of 8.5 MMSCFD of gas plus 55 BBLD of condensate at a wellhead flowing pressure of 3,893 psi through a 20/64 inch choke.

On February 6, 2007, the Saipem Perro Negro 3 rig commenced drilling the KG#28 well from the KG#8 platform. The KG#28 well will be the sixth exploration well drilled by the Saipem Perro Negro 3 jack-up drilling rig. The KG#28 well, has been classified by the management committee as an "appraisal well" for the purposes of the PSC and it will be drilled directionally to a total vertical depth ("TVD") of 5,500 meters deviating approximately 1,500 meters east of the KG#8 wellhead location.

On January 3, 2007, the Atwood Beacon rig commenced drilling the KG#16 well. This is the first exploratory well to be drilled using the Atwood Beacon rig. The KG#16 well is situated approximately 5 kilometres east of the location where the Saipem Perro Negro 3 jack-up drilling rig is located. The KG#16 well is being drilled vertically to an intended depth of 5,500 meters TVD in shallow waters of approximately 109 meters to further delineate the extent of the KG structure.

GSPC has further entered into a contract with Essar Oilfield Services Limited ("EOSL"), a subsidiary of Essar Shipping & Logistics Ltd. of Cyprus, for a semi-submersible drilling rig named "Essar Wildcat". The Essar Wildcat is a self propelled drilling rig suitable for deployment in water depths of 400 meters and has a drilling depth capacity of 7,600 meters. GSPC intends to commence drilling additional wells in the deeper water in the KG Offshore Block by the third quarter of 2007. The initial term of the EOSL contract is for two years from the date of spud of the first well, with the option of two extensions, each for one year.

The operating committee under the exploration contract relating to the KG Offshore Block has estimated that the total gross budget for the KG Offshore Block for the period April 2007 to March 2008 is $503.6 million. We have a 5% net CI in the wells drilled on the KG Offshore Block. See "*Other Material Oil and Gas Agreements*" below for a description of the Carried Interest Agreement.

The KG Onshore Block

OIL, as operator for this KG Onshore Block is in the process of applying for the PEL, which when issued will allow OIL to commence the Phase I work program commitments.

We will be required to fund our 10% proportionate share of the costs incurred in these activities estimated to be approximately US$8.5 million over the four years of the first phase of the work commitment with respect to a 10% participating interest in the block and, should we be successful in increasing our interest to 25%, we will be required to fund approximately US$21.3 million with respect to a 25% participating interest in the block..

Matters Relating to Our KG Offshore Block PSC

The first phase of the exploration period relating to the PSC for the KG Offshore Block has expired without the required minimum of at least fourteen exploration wells being drilled during the first phase. GSPC, as operator and on behalf of the contracting parties, is engaged in seeking from the GOI its consent to an extension of the expiration date of the first phase of the exploration period and is also seeking to proceed to the second phase of the exploration period without relinquishing any of the contract area at the end of the first phase. In connection with the process of seeking these consents, on February 24, 2006, the management committee for the KG Offshore Block, which includes members representing the GOI, recommended a further extension of the first phase of twelve months to March 11, 2007. On February 9 2007, GSPC proposed to the Directorate General of Hydrocarbons, a body under the Ministry of

Petroleum & Natural Gas ("DGH") and to the GOI that the contracting parties proceed to the next exploration phase (Phase II) upon completion of Phase I which was expiring on March 11, 2007. It was also requested, on behalf of the contracting parties, to not relinquish any of the contract area at the end of Phase I. On March 12, 2007 DGH noted the option of GSPC, on behalf of the contracting parties, to enter Phase Two and advised that entry into Phase Two, effective March 12, 2007, is subject to the following conditions: (1) Any decision by the GOI on the substitution of the Work Program of Phase I will be binding on the contracting parties; and (2) Any decision by the GOI on relinquishment of the 25% of original contract Area (ie. 462 sq. kms.) under the PSC would be binding on the contracting parties. The extension of Phase I for the 18 months to March 11, 2007 would be deducted from Phase II. As such the Phase II would have a term of one year and expire March 11, 2008. As at April 13 2007, five exploratory wells have been drilled and one exploratory well, the KG#16 well, is currently being drilled on the exploration block leaving eight exploration wells to be drilled. A seventh well, the KG#28 is also being drilled on the exploration block and has been classified by the management committee as an "appraisal well" for the purposes of the PSC. Approval of the extension and the entering into the second phase of exploration under the PSC without relinquishment of any portion of the contract area from the GOI is currently outstanding. Unless this approval is granted, we may be liable for the consequences of non-fulfillment of the minimum work commitment in a given time frame under the PSC. The PSC has provisions for termination of the PSC on account of various reasons specified therein including material breach of the contract. Termination rights can be exercised after giving ninety days written notice. This failure to timely complete the minimum work commitment, though we have been advised by GSPC there is no precedence, may be deemed by the GOI to be a failure to comply with the provisions of the contract in a material particular.

The termination of the PSC by the GOI would result in our loss of our interest in the KG Offshore Block other than areas determined to encompass "commercial discoveries". The PSC sets forth procedures whereby the operator can obtain the review of the management committee under the PSC as to whether a discovery on the exploration block should be declared a commercial discovery under the PSC. Those procedures have not been completed at present with respect to the discovery on the KG Offshore Block and, accordingly, as of April 13, 2007, no areas on the KG Offshore Block have been determined formally to encompass "commercial discoveries" as that term is defined under the PSC.

In the event the PSC for the KG Offshore Block is terminated by the GOI, or in the event the work program is not fulfilled by the end of the relevant exploration phase, the PSC provides that each party to the PSC is to pay to the GOI its participating interest share of an amount which is equal to the amount that would be required to complete the minimum work program for that phase. We are of the view that GSPC, under the terms of our CIA, would be liable for our participating interest share of the amount required to complete the minimum work program for the phase.

Our net 5% CI in the KG Offshore Block reflects our agreement to prospectively assign half of the original 10% interest under the PSC to Roy Group Mauritius ("RGM") a Mauritius corporation wholly owned by Mr. Jean Paul Roy, our President, CEO, Director and principal stockholder, pursuant to a Participating Interest Agreement ("PIA") we entered into on March 27, 2003, which assignment is subject to GOI consent. Absent such consent, the assignment will not occur and we are to provide RGM with an economic benefit equivalent to the interest to be assigned. At April 13, 2007, we have not obtained the consent of the GOI to this assignment.

Our Cambay Basin Agreements

<u>Mehsana Block</u>

On February 6, 2004, we, along with our joint venture partners GSPC and Jubilant, signed a PSC with respect to this onshore Mehsana Block. This PSC covers an area of approximately 125 sq kms (30,888 acres) and was awarded under NELP-IV. We hold a 10% PI, GSPC holds a 60% PI, and Jubilant, who is the operator, holds the remaining 30% PI. The PSC provides that the exploration activities are to be conducted in three phases commencing May 21, 2004 with the first phase covering a period of 2.5 years, the second phase covering a period of 2.0 years and the last phase covering a period of 1.5 years, for a maximum total duration of 6 years for all three phases.

During the first exploration phase on this exploration block, the parties are to acquire 75 sq kms of 3-D seismic data, reprocess 650 LKM of 2-D seismic data and conduct a geochemical survey, all of which has been completed. In addition, we are to drill seven exploratory wells between 1,000 to 2,200 meters. As at April 13, 2007, two of the seven exploration wells have been drilled; the CB-2 and CB-3 to 2,500 and 2,350 meters respectively, both of which were abandoned.

The first exploration phase relating to the PSC for the Mehsana Block expired without the required minimum of seven exploration wells having been drilled. In October, 2006 the management committee under the PSC for the Mehsana Block approved a proposal to seek from the GOI an extension of the first exploration phase for a six month period from November 21, 2006 to May 20, 2007 and on April 6, 2007 the members of the operating committee under the Mehsana Block operating agreement resolved to submit an application to the GOI for extension for an additional six months to November 20, 2007 to complete the minimum work program under Phase I. In seeking that extension, the joint venture partners agreed to provide a 100% Bank Guarantee and a 10% cash payment to be agreed upon based on pre-estimated liquidated damages for the unfinished minimum work program as reasonably determined by DGH, which has not yet been determined. As well, the contractor would be required to relinquish 25% of the block pursuant to the provisions of the PSC. The period of extension will be set off against the term of the Second Phase which would reduce Phase II to one year expiring November 20, 2008. Final consent to this extension is awaiting GOI approval.

During the second and third phases, if the parties elect to proceed, the parties are to drill two exploratory wells to 2,000 meters in each phase.

Sanand/Miroli Block

Also on February 6, 2004, we, along with our joint venture partners GSPC, Jubilant and Prize Petroleum Company Limited ("Prize") signed a PSC with respect to this onshore Sanand/Miroli Block. This PSC covers an area of approximately 285 sq kms (70,425 acres) and was awarded under NELP-IV. We hold a 10% PI, GSPC, who is the operator holds a 55% PI, Jubilant holds a 20% PI with the remaining 15% held by Prize. The PSC provides that the exploration activities are to be conducted in three phases commencing July 29, 2004 with the first phase covering a period of 2.5 years, the second phase covering a period of 2.0 years and the last phase covering a period of 1.5 years, for a maximum total duration of 6 years for all three phases.

During the first exploration phase on the Sanand/Miroli Block, the parties are to acquire 200 sq kms of 3-D seismic data, reprocess 1,000 LKM’s of 2-D seismic data, and conduct a geochemical survey all of which has been completed. In addition, we are to drill twelve exploratory wells between 1,500 to 3,000 meters. As at April 13, 2007, two of the twelve wells have been drilled or are in the process of being drilled to depths in excess of 2,500 meters.

The first exploration phase relating to the PSC for the Sanand/Miroli Block expired without the required minimum of twelve wells having been drilled. On January 29, 2007 the management committee under the PSC for the Sanand/Miroli Block approved a proposal to seek from the GOI an extension of the first exploration phase for a six month period from January 28, 2007 to July 28, 2007. Final consent to this extension is awaiting GOI approval.

During the second and third phases, if the parties elect to proceed with them, the parties are to drill three and two exploratory wells to 2,000 meters, respectively.

Tarapur Block

Pursuant to an agreement entered into with GSPC in April, 2005, we purchased a 20% PI in the onshore Tarapur Block in the Cambay Basin near our Mehsana and Sanand/Miroli Blocks which was awarded to GSPC under a Pre NELP round. The Tarapur Block is in Phase III under the PSC and currently covers an area of approximately 1,211 sq kms (299,245 acres). GSPC as operator, owns the remaining 80% PI. The assignment of the 20% interest was subject to obtaining the consent of the GOI which was received effective August 24, 2006. Agreements reflecting the completion of the assignment are in the process of being prepared for signature as of April 13, 2007. As a condition to receiving the GOI consent, the Company provided to the GOI an irrevocable letter of credit in the amount of US$1,200,000 secured by a term deposit of the Company in the same amount. This amount represents the Company’s performance guarantee for its 20% participating interest share (Rs. 5.3 crore) of the estimated exploration costs budgeted for the period April 1, 2006 through March 31, 2007.

Oil and Natural Gas Corporation Limited of India has the right to participate into the development of any commercial discovery on the Tarapur Block by acquiring a 30% participating interest as provided under the PSC. The exercise of this right would result in the reduction of our PI to 14%.

Phase two under the PSC for this exploration block expired on November 22, 2005 and GSPC entered into the third and final phase after relinquishing, as required under the terms of the PSC, 25% (approximately 405 sq kms) of the exploration block back to the Government of India. Phase three has a term of 2 years ending November 22, 2007 and the work commitment is to drill one well to a depth of 3,000 meters or to the Deccan trap.

<u>Ankleshwar Block</u>

On September 23, 2005, we, along with our joint venture participants GSPC, Jubilant and GAIL (India) Ltd. ("GAIL") signed a PSC with respect to this onshore Ankleshwar Block. This PSC covers an area of approximately 448 sq km (110,703 acres) and was awarded under NELP-V. We hold a 10% PI, GSPC is the operator and holds a 50% PI, Jubilant holds 20% PI and the remaining 20% PI is held by GAIL. The PSC provides that the exploration activities are to be conducted in three phases commencing April 1, 2006 with the first phase covering a period of 3.0 years, the second phase covering a period of 3.0 years and the last phase covering a period of 1.0 years, for a maximum total duration of 7 years for all three phases.

The work commitment under the first phase is to acquire, process and interpret 448 sq kms of 3-D seismic and reprocess 650 LKMs of 2-D seismic, a substantial portion of which as at April 13, 2007 is near completion. In addition, we are to drill 14 exploratory wells between 1,500 to 2,500 meters. If the parties elect to proceed, in the second phase we are to drill 4 exploratory wells, and in the third phase we are to drill 6 exploratory wells, all between 2,500 to 3,000 meters.

Our Cambay Basin Exploration Activities

<u>Mehsana Block</u>

With respect to the Mehsana Block, Jubilant as operator, has completed a 235 sq km onshore 3-D seismic acquisition program. This data has been processed and interpreted. Drilling operations commenced on this block in December 2006. As at April 13, 2007, two of seven exploration wells have been drilled on this block, the first being CB-2 well to a TVD of 2,500 meters and the second, CB-3 well to a TVD of 2,350 meters. Both these wells did not proceed into a testing program and were subsequently abandoned. Results of these wells are currently being evaluated before proceeding to the next drilling location.

Estimated total capital expenditures we will be required to contribute to the exploration activities on this block during the period April 1, 2007 to March 31, 2008 based on our 10% PI will be approximately $2.3 million.

<u>Sanand/Miroli Block</u>

With respect to the Sanand/Miroli Block, GSPC as operator completed a 463 sq km onshore 3-D seismic acquisition program. This data has been processed and interpreted. Drilling operations using the DALMA MR#4 rig commenced on this block on November 15, 2006 with the drilling of the first of twelve exploration wells. The M1 well was drilled to a TVD of 2,300 meters and was temporarily suspended. The well has subsequently been re-entered and drilled to a TVD of 2,463 meters. As of April 13, 2007, the well is being logged and will undergo testing. The same rig spud a second well, the M4 well, on February 24, 2007 which was drilled to a TVD of 2,226 meters. This well was logged, cased and is currently being tested. A third well, the M2 well, commenced drilling using the DRIPL 1500 HP rig on March 26, 2007 and as of April 13, 2007, the well, had not reached its anticipated TVD of approximately 3,300 meters.

Estimated total capital expenditures we will be required to contribute to the exploration activities on this block during the period April 1, 2007 to March 31, 2008 based on our 10% PI will be approximately $2.6 million.

<u>Tarapur Block</u>

With respect to the Tarapur Block, through April 13, 2007, GSPC has drilled eight wells on this block, of which, three wells have been abandoned.

The Tarapur #G well was drilled in January 2006 to a total depth of 1,650 meters on the eastern portion of the Tarapur Block. A gas/condensate reservoir was discovered in the Kalol formation with an estimated reservoir pressure and temperature of 3,300 psi and 225 degrees Fahrenheit. During testing, the well produced 2.5 MMSCFD of gas and 106 BBLD of condensate at an approximate well head flowing pressure of 1,500 psi. As of April 13, 2007, this well has been suspended.

The Tarapur #5 well was drilled to a total depth of 1,612 meters in October 2006. The well was logged and cased for testing. During testing, the well produced 118 mcf of gas and 264 BBLD of oil. As of April 13, 2007, a determination is being made whether to seek to stimulate this well before final completion and put on production at such time as a development plan has been prepared and approved by DGH.

The Tarapur #7 well was drilled to a total depth of 1,642 meters in November 2006. The well was logged and cased for testing. During testing, two zones were tested without conclusive results and one zone flowed water to surface. As of April 13, 2007, this well has been suspended.

Two wells, the Tarapur #P well and the Tarapur #1 well were drilled to an approximate depth of 2,250 meters to the top of the Deccan trap and encountered oil in both the Kalol and Olpad formations. Both of these formations were tight and tested non-commercial flows of oil. Various stimulation techniques were assessed and a Hydro Fracturing job was performed on the Kalol formation in the Tarapur #P well resulting in a test flow of 150 BBLS/day of oil at 300 psi WHFP. A geological model is being prepared to establish production potential of both the Kalol and Olpad formations in these wells and evaluate further drilling opportunities in this block.

The remaining three wells that were drilled on the western portion of the Mitrampura Anticline, the Tarapur D, E and F were all abandoned.

It is the intention of GSPC to drill one additional well to delineate the extent of the Tarapur #G discovery before submission for a two-well appraisal program to the GOI under the terms of the PSC.

Under the terms of our agreement with GSPC, we are to fund our 20% participating interest share of all past exploration costs incurred on the Tarapur exploration block. As at December 31, 2006, the amount of US$3,972,765 has been included in Oil and Gas Interests, not subject to depletion on our Balance Sheet for our PI share of costs incurred in the previous drilling of eight exploration wells and a recently completed 500 sq km 3-D seismic acquisition program. Estimated total capital expenditures we will be required to contribute to exploration activities on this block over the period ending November 22, 2007 based on our 20% PI will be approximately $2.7 million.

Ankleshwar Block

With respect to the Ankleshwar Block, as at April 13, 2007, GSPC as operator has completed a 448 sq km 3-D seismic acquisition program. Processing and interpretation of this 3-D seismic data along with the reprocessing of 2-D seismic data is currently ongoing.

Estimated total capital expenditures we will be required to contribute to the exploration activities on this block during the period April 1, 2007 and March 31, 2008, which we anticipate will include the drilling of 8 of the 14 exploratory wells, based on our 10% PI will be approximately $2.7 million.

Our Deccan Syneclise Basin Agreements

DS 03 Block

On September 23, 2005, we signed a PSC with respect to this onshore DS 03 Block. The PSC covers an area of approximately 3,155 sq kms (779,618 acres) and was awarded under NELP-V. We hold a 100% PI in this block and are the operator. The PSC provides that the exploration activities are to be conducted in three phases commencing September 4, 2006 with the first phase covering a period of 3.0 years, the second phase covering a period of 2.0 years and the last phase covering a period of 2.0 years, for a maximum total duration of 7 years for all three phases.

The work commitment under the first phase is to complete a gravity magnetic and geochemical survey and acquire an aero magnetic survey of 12,000 LKMs. If we elect to proceed to the second phase, we are to acquire 500 LKMs of 2-D seismic and drill 1 exploration well. During the third phase, if we elect to proceed, we are to acquire 250 sq kms of 3-D seismic and drill 2 exploratory wells.

DS 04 Block
On March 2, 2007, we signed a PSC with respect to this onshore DS 04 Block. The PSC covers an area of approximately 2,649 sq km (654,582 acres) and was awarded under NELP-VI. We hold a 100% PI in this block and are the operator. The exploration phase for this PSC extends for a term of up to 8 years and will commence upon the date the PEL is issued. The Phase I work commitment which covers a period of 4 years, consists of conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 325 LKM of 2-D seismic. We further committed to drill 10 core holes to a depth of approximately 500 meters. The Phase II work commitments which cover a period of 4 years, consists of a seismic acquisition program consisting of 500 LKM of 2-D seismic and 200 sq kms of 3-D seismic. We further committed to drill 1 exploratory well to a depth of 2,000 meters.

Our Deccan Syneclise Basin Exploration Activities
DS 03 Block
With regard to this DS 03 Block, at April 13, 2007, we as the operator have commenced our Phase I commitment work program. The work program consists of a gravity magnetic and geochemical survey, geological modeling and a technical assessment of the block and the acquisition of 12,000 LKM's and an aero magnetic survey prior to September 3, 2009.

We estimate our exploration costs to be approximately $400,000 over the twelve month period April 1, 2007 to March 31, 2008.

DS 04 Block
We, as operator for this DS 04 Block are in the process of applying for the PEL on this DS 04 Block, which when issued will allow us to commence the Phase I commitment work program.

We will be required to fund our 100% proportionate share of the costs incurred in these activities estimated to be approximately US$1.2 million over the four years of the first phase of the work commitment.

Our Rajasthan Basin Agreements
RJ Block 20
On March 2, 2007, we, along with our joint venture partner, OIL, signed a PSC with respect to this onshore RJ Block 20. The PSC covers an area of approximately 2,196 sq km (542,643 acres) and was awarded under NELP-VI. We hold a 25% PI in this block with OIL as operator holding the remaining 75% PI. The exploration phase for this PSC extends for a term of up to 7 years and will commence upon the date the PEL is issued. The Phase I work commitment which covers a period of 4 years, is to reprocess 463 LKM of 2-D seismic; conduct a gravity and magnetic and geochemical survey; acquire, process and interpret 250 LKM of 2-D seismic and 700 sq kms of 3-D seismic; and drill a total of 12 exploratory wells between 2,000 and 2,500 meters. Phase II work commitment which covers a period of 3 years is to drill one well to 2,500 meters.

RJ Block 21
On March 2, 2007, we, along with our joint venture partner, OIL and Hindustan Petroleum Corporation Limited ("HPCL") signed a PSC with respect to this onshore RJ Block 21. The PSC covers an area of approximately 1,330 sq km (328,650 acres) and was awarded under NELP-VI. We hold a 25% PI in this block, OIL as operator holds a 60% PI and HPCL holds the remaining 15%PI. The exploration phase for this PSC extends for a term of up to 7 years and will commence upon the date the PEL is issued. The Phase I work commitment which covers a period of 4 years, is to reprocess 463 LKM of 2-D seismic; conduct a gravity and magnetic and geochemical survey; acquire, process and interpret 310 LKM of 2-D seismic and 611 sq kms of 3-D seismic; and drill a total of 8 exploratory wells between 2,000 and 2,500 meters. Phase II work commitment which covers a period of 3 years is to drill one well to 2,000 meters.

Our Rajasthan Basin Exploration Activities

OIL, as operator for both these exploration blocks is in the process of applying for the PEL, which when issued will allow the parties to commence the Phase I work program commitments.

We will be required to fund our 25% proportionate share of the costs incurred on both these blocks which is estimated to be approximately US$18.3 million over the four years of the first phase of the work commitments for both blocks.

Additional Terms of Our Production Sharing Contracts

General

Except for the size and location of the exploration blocks and the work programs to be conducted, the PSC's contain substantially similar terms. Under the PSCs, the GOI has granted to the parties the right to engage in oil and natural gas exploration activities on the exploration blocks for specified terms of years with each contract setting forth the exploration activities to be conducted over periods of years in two or three phases.

The contracts contain restrictions on the assignment of a PI, including a change in control of a party, without the consent of the GOI, subject to certain exceptions which include, among others, a party encumbering its interest subject to certain limitations.

Each of the ventures is managed by a management committee representing the parties to the agreement, including the GOI. The contracts contain various other provisions, including, among others, obligations of the parties to maintain insurance, the maintenance of books and records, confidentiality, the protection of the environment, arbitration of disputes, matters relating to income taxes on the parties, royalty payments, and the valuation of hydrocarbons produced. The Indian domestic market has the first call on natural gas produced. The contracts are interpreted under the laws of India.

Relinquishment on our Existing Blocks

Under each of these contracts, if the parties elect to continue into the second exploratory phase, the contracts provide that the parties retain up to 75% of the original contract area, including any developed areas and areas of discoveries of hydrocarbons, and relinquish the remainder. Similarly, if the parties elect to continue into the third exploration phase, the contracts provide that the parties retain up to 50% of the original contract area, including any developed areas and areas of discovery of hydrocarbons, and relinquish the remainder. At the end of the third exploration phase, only developed areas and areas of discoveries shall be retained.

Relinquishment on the Newly Awarded NELP-VI Blocks

Under each of these contracts, if the parties elect to continue into the second exploratory phase, the contracts provide that the parties shall have the option to relinquish a part of area in simple geometrical shape, such area to be relinquished shall not be less than 25% of the original contract. At the end of the second exploration phase, the parties shall retain the balance which includes any developed areas and areas of discoveries.

Procedure for Allocation of Costs After a Discovery

These PSC's contain provisions relating to procedures to be followed once a discovery of hydrocarbons is determined to have been made within the exploration block and for the further development of that discovery. Following the completion of a development plan for a discovery, the parties are to apply to the relevant government entity for a lease with respect to the area to be developed with an initial term of 20 years for the lease. The GOI and the other parties to the PSC are allocated, after deduction of the costs of exploration, development, and production to be recovered, percentages of any remaining production with the GOI allocated between 20% to 40% of the production from the KG Offshore Block and Ankleshwar Block, 30% to 55% of the production from the Mehsana Block and Sanand/Miroli Blocks and 10% to 30% of the production from the DS 03 Block. The GOI allocation of the newly awarded blocks under NELP-VI is between 91% to 9% of the production from the KG Onshore Block, the RJ Block 20 and RJ Block 21 and between 85% to 15% for the DS 04 Block. The balance of the production is to be allocated to the other joint venture participants in proportion to their participating interests.

Bank Guarantees

The contracts contain provisions whereby the joint venture participants must provide the GOI a bank guarantee in the amount of 35% of the participant's share of the minimum work program for a particular Phase, to be undertaken during the year. This work program to be undertaken is presented annually to the management committee for approval for the period April 1 through March 31. The work programs for the year April 1, 2007 through March 31, 2008 and their related budgets have been approved for our six existing PSCs, but have not yet been approved or the four newly awarded PSCs under NELP-VI to which we are a party and, accordingly, our estimates as to capital expenditures pursuant to these NELP-VI PSCs for the twelve months ended March 31, 2008 and beyond are subject to revision when the budget is approved and thereafter during the twelve-month period.

Other Material Oil and Gas Agreements

Our Carried Interest Agreement

Pursuant to an agreement we entered into with GSPC dated August 27, 2002, we, along with RGM, a Mauritius corporation wholly owned by Mr. Jean Paul Roy, our President, CEO, Director and principal stockholder, have a carried interest ("CI") in the exploration activities conducted by the parties on the KG Offshore Block. Under the terms of the Carried Interest Agreement, ("CIA") we, and RGM are carried by GSPC for 100% of our share of any costs during the exploration phase prior to the start date of initial commercial production. However, our share and the share of RGM of any capital costs incurred during the development phase will be paid back to GSPC out of production without interest over the projected production life or ten years whichever is less. We are not entitled to any share of production until GSPC has recovered our share and the share of RGM for the costs and expenses that were paid by GSPC.

Our Participating Interest Agreement

On March 27, 2003, we entered into a Participating Interest Agreement (“PIA”) with RGM, whereby we assigned and hold in trust for RGM, subject to GOI consent, 50% of the benefits and obligations of the PSC on the KG Offshore Block and the CIA leaving us with a net 5% participating interest in the PSC on the KG Offshore Block and a net 5% CI in the CIA. Under the terms of the PIA, until the GOI consent is obtained, we retain the exclusive right to deal with the other parties to the PSC on the KG Offshore Block and the CIA and are entitled to make all decisions regarding the interest assigned to RGM and RGM agreed to be bound by and responsible for the actions taken by, obligations undertaken and costs incurred by us in regard to RGM's interest and to be liable to us for its share of all costs, interests, liabilities and obligations arising out of or relating to the RGM interest. RGM agreed to indemnify us against any and all costs, expenses, losses, damages or liabilities incurred by reason of RGM's failure to pay the same. Subject to obtaining the government consent to the assignment, RGM is entitled to all income, receipts, credits, reimbursements, monies receivable, rebates and other benefits in respect of its 5% interest which relate to the PSC on the KG Offshore Block. We have a right of set-off against sums owing to us by RGM. In the event that the Indian government consent is delayed or denied, resulting in either RGM or us being denied an economic benefit either party would have realized under the PIA, the parties agreed to amend the PIA or take other reasonable steps to assure that an equitable result is achieved consistent with the parties' intentions contained in the PIA. As a consequence of this transaction we report our holdings under the PSC on the KG Offshore Block and CIA as a net 5% PI.

Our Oil and Gas Interests

We are engaged in the exploration for and development of oil and natural gas reserves. At December 31, 2006, we have not produced any oil or natural gas and we do not claim any proved reserves of oil or natural gas. We have not reported any proved reserves of oil or natural gas to any United States Federal authority.

We do not own any oil or natural gas wells as of April 13, 2007 and at that date we have not been granted any leases to properties under the terms of our PSCs.

At December 31, 2006, we participated in the commencement of drilling eleven exploratory wells. One in each of Mehsana and Sanand/Miroli and four in Tarapur in the Cambay Basin and five exploratory wells in the KG Offshore Block in the Krishna Godavari Basin.

In the KG Offshore Block, two wells were abandoned. Three wells were drilled and tested and resulted in the discovery of natural gas. A sixth well, the KG#16 well is currently being drilled. A seventh well, the KG#28 well is also currently being drilled, but has been classified as an appraisal well by the management committee for the purposes of the PSC, and not an exploratory well.

Development, Exploration and Acquisition Expenditures

The following table sets forth information regarding costs we incurred in our development, exploration and acquisition activities by area as at December 31, 2006 and December 31, 2005.

	December 31, 2006 US$	December 31, 2005 US$
Development Costs	**--**	--
Exploration Costs		
Krishna Godavari Basin Blocks	**3,111,676**	977,692
Cambay Basin Blocks	**6,558,315**	1,220,511
Deccan Syneclise Basin Blocks	**52,747**	18,460
Rajasthan Basin Blocks	**--**	--
Acquisition Costs	**--**	--
Capitalized Interest	**--**	--
Total	**9,722,738**	2,216,663

As at December 31, 2006, GSPC has incurred costs of Rs 114.96 crore, or approximately $26.1 million (December 31, 2005 - Rs 63.31 crore, or approximately $14.1 million) for exploration activities on the KG Offshore Block attributable to us under our CIA with GSPC of which 50% is for the account of RGM. We will not realize cash flow from the KG Offshore Block until such time as the expenditures attributed to us, including those expenditures made for the account of RGM under the CIA have been recovered by GSPC from future production revenue. Under the terms of the CIA, all of our proportionate share of capital costs for exploration and development activities must be repaid to GSPC without interest over the projected production life or ten years, whichever is less.

Acreage

<u>Developed Acreage</u>

At April 13, 2007, we hold no interests in acreage that may be deemed developed or acreage assignable to productive wells.

<u>Contract Interests in Undeveloped Acreage</u>

Under the terms of the ten PSCs to which we are a party, including the four newly signed PSCs on March 2, 2007 which were awarded under the NELP-VI bidding round, we have an interest in approximately 3,409,313 gross acres (1,769,471 net acres). Substantial work commitments must be performed pursuant to each of these PSCs before we will have any leasehold, concession or other interest in such acreage and there can be no assurance that our exploration activities will result in leases being granted. Failure to fulfill work commitments or the relinquishment of acreage upon the election to proceed to second and third phases of exploration phases, as applicable under the terms of our PSCs, would result in the loss of material amounts of this acreage pursuant to the relinquishment provisions of the PSC (see “Additional Terms of Our Production Sharing Contracts - Relinquishment on our Existing Blocks”). No leases as to any of such acreage have been granted and there can be no assurance that we will be granted a leasehold or other interest in the acreage in the future. Under the terms of the PSCs, following the completion of a development plan for a discovery, the parties are to apply for a lease from the relevant government authority to the area to be developed. Leases are to have an initial term of twenty (20) years.

All such acreage is located in India as follows:

	Contract Interest in Undeveloped Acreage	
	gross	**net**
Krishna Godavari Basin Blocks		
KG Offshore	457,145	(1) 22,857
KG Onshore	135,414	(2) 13,541
	592,559	36,398
Cambay Basin Blocks		
Mehsana	30,888	3,088
Sanand/Miroli	70,425	7,043
Ankleshwar	110,703	11,070
Tarapur	299,245	(4) 59,849
	511,261	81,050
Deccan Syneclise Basin Blocks		
DS 03	779,618	779,618
DS 04	654,582	654,582
	1,434,200	1,434,200
Rajasthan Basin Blocks		
RJ Block 20	542,643	135,661
RJ Block 21	328,650	82,162
	871,293	217,823
Total	**3,409,313**	**1,769,471**

(1) excludes acreage that is subject to the PIA with RGM
(2) based on a 10% PI
(3) one square kilometer converts to 247.1054 acres
(4) the remaining acreage after relinquishment moving into Phase III

Drilling Activity

The following table sets forth information as to the wells we drilled during the periods indicated, all of which are exploratory wells. Inasmuch as permanent equipment has not been installed for the production of oil or gas at any of the wells, such wells should not be deemed to be completed wells. In the table, "gross" refers to the total wells in which we have an interest and "net" refers to gross wells multiplied by our interest therein.

	Year Ended December 31,							
	2003		2004		2005		**2006**	
	Gross	Net	Gross	Net	Gross	Net	**Gross**	**Net**
Development								
Productive	0	0	0	0	0	0	**0**	**00**
Non- productive	0	0	0	0	0	0	0	0
Exploratory								
Productive	0	0	0	0	1.0	0.05	**2.0**	**0.10**
Non-productive	0	0	1.0	0.05	1.0	0.05	**6.0**	**1.0**

Additional Plans for 2007

Our business plans for 2007 include the possible participation in joint ventures bidding for the award of further PSCs for exploration blocks in India and elsewhere. As of April 13, 2007, we have no specific plans to join with others for any specific PSCs in India and elsewhere. We expect that our interest in any such ventures would involve a minority PI in the venture. In addition, as opportunities arise, we may seek to acquire minority PI in exploration blocks where PSCs have been heretofore awarded. The acquisition of any such interests would be subject to the execution of a definitive agreement and obtaining the requisite government consents and other approvals.

Hedging Activities

At December 31, 2006, we had not entered into any market risk sensitive instruments; as such term is defined in Item 305 of Regulation S-K, relating to our operations.

Marketing

Under the terms of our PSCs, until India's total production of crude oil and condensate meets the Indian national demand, we are required to sell in the Indian domestic market our entitlement to crude oil and condensate. When and so long as India attains self-sufficiency in the production of crude oil and condensate, our domestic sale obligation is suspended and we will have the right to export our entitlement.

The PSCs provide that the Indian domestic market will have the first call on natural gas produced from the areas that are the subject of the contracts.

The PSCs provide that the parties are to agree monthly on a price for crude oil which is intended to be on an import parity basis. Prices of natural gas are intended to be based on Indian domestic market prices.

Our ability to market any production of crude oil and natural gas will be dependent upon the existence and availability of pipeline or other gathering system, storage facilities and an ability to transport the hydrocarbons to market. Such facilities are yet to be constructed.

We are not a party to any agreements providing for the delivery of fixed quantities of hydrocarbons.

Competition

We experience competition from others in seeking to participate in joint ventures and other arrangements to participate in exploratory drilling ventures in India. In addition, the ventures in which we participate experience competition from other ventures and persons in seeking from the GOI and, possibly others, its agreement to grant and enter into PSCs. Management of our company believes that competition in entering into such agreements with the GOI is based on the extent and magnitude of exploratory activities that the applicants will propose to undertake on the exploration blocks under consideration as well as the applicants available capital and technical ability of the applicants to complete such activities.

Employees

The services of our President and Chief Executive Officer, Jean Paul Roy, are provided pursuant to the terms of a Technical Services Agreement ("TSA") we entered into with Roy Group (Barbados) Inc. ("RGB"), a corporation wholly owned by Mr. Roy. The services of Allan J. Kent, our Executive Vice President and Chief Financial Officer are provided in the year 2006 through D.I. Investments Ltd., a corporation wholly owned by Mr. Kent. Messrs. Roy and Kent each devote substantially all of their time to our affairs. Neither of such persons are our direct employees.

In addition to Messrs. Roy and Kent, we employ approximately ten additional persons at various times and in various capacities as part time consultants to us.

As of December 31, 2006, we employed three persons and two full time consultants in Calgary, Alberta, Canada and employed four persons in Gandhinagar, Gujarat State, India.

Incorporation and Organization

On August 29, 2003, we acquired all of the issued and outstanding shares of GeoGlobal Resources (India) Inc. ("GeoGlobal India") a corporation then wholly owned by Mr. Jean Paul Roy. The completion of the acquisition resulted in the issuance and delivery by us of 34,000,000 common shares and delivery of our $2.0 million promissory note to Mr. Roy. Of such shares, we issued and delivered 14.5 million shares at the closing of the acquisition and 14.5 million shares were released from escrow on August 27, 2004 upon the actual commencement of a drilling program. The remaining 5.0 million shares continued to be held in escrow at December 31, 2005. These 5.0 million shares held in escrow will be released only if a commercial discovery is declared on the KG Offshore Block. If a commercial discovery is not declared, the shares will not be released from escrow, but will be surrendered back to us. Common shares held during the term of the escrow retain their voting rights. As a result of this transaction, Mr. Roy held as of the closing of the transaction approximately 69.3% of our issued and outstanding shares. Mr. Roy was also elected our President and a Director on August 29, 2003. This transaction is considered an acquisition of GeoGlobal Resources Inc. (the accounting subsidiary and legal parent) by GeoGlobal India (the accounting parent and legal subsidiary) and has been accounted for as a purchase of the net assets of GeoGlobal Resources Inc. by GeoGlobal India. Accordingly, this transaction represents a recapitalization of GeoGlobal India, the legal subsidiary, effective August 29, 2003.

As a consequence of this transaction, a change in control of our company may be deemed to have occurred.

Through late 2001, we were engaged in the creation, operation and maintenance of a World Wide Web-based community, known as Suite101.com, Inc. At the end of 2001, management at that time determined to redirect activities and by mid-2002, the company was no longer engaged in the former Web-based activities.

We are a corporation organized under the laws of the State of Delaware in December 1993. From December 1998 to January 2004, our corporate name was Suite101.com, Inc. At a meeting held January 8, 2004, our stockholders approved an amendment to our Certificate of Incorporation to change our corporate name to GeoGlobal Resources Inc.

Item 2. Description of Property

Our corporate head office is located at Suite #310, 605 - 1 Street SW, Calgary, Alberta, T2P 3S9 Canada. These premises are leased for a term of one year ending April 30, 2007 at an annual rental of $65,565 for base rent and operating costs. These premises include approximately 2,927 square feet which we consider adequate for our present activities. We are currently in negotiations to renew this lease at market prices for a further two year term to April 30, 2009.

On November 21, 2006, we entered into a Memorandum of Understanding to acquire an office condominium of approximately 11,203 sq. ft located in Gandhinagar, India. A deposit of US$28,090 was paid which is reflected in the December 31, 2006 financial statements as a deposit under property and equipment. A formal agreement relating to the purchase of the condominium has not yet been executed.

Our interests in oil and gas properties are described under Item 1 - Description of Business.

Item 3. Legal Proceedings

There are no legal proceedings pending against us.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of the year ended December 31, 2006 to a vote of our securityholders through the solicitation of proxies or otherwise.

PART II

Item 5. Market for Common Equity & Related Stockholder Matters

Market Information

Our Common Stock is quoted on the American Stock Exchange under the symbol GGR. The following table sets forth the high and low sales price on the American Stock Exchange for the period January 1, 2005 through April 13, 2007.

Calendar Quarter		High	Low
2005:	First Quarter	$1.80	$0.77
2005:	Second Quarter	$9.35	$0.89
2005:	Third Quarter	$8.60	$5.75
2005:	Fourth Quarter	$14.09	$4.90
2006:	First Quarter	$14.92	$7.00
2006:	Second Quarter	$9.87	$4.10
2006:	Third Quarter	$6.55	$3.28
2006:	Fourth Quarter	$9.14	$5.05
2007:	First Quarter	$8.10	$5.27
2007:	Second Quarter (up to April 13, 2007)	$6.12	$5.80

On April 13, 2007, the closing sales price for our Common Stock, as reported on the

American Stock Exchange was $6.00.

Holders

As of April 13, 2007, we had approximately 183 shareholders of record.

Dividends

We did not pay any dividends on our Common Stock during the years ended December 31, 2006 and 2005 and we do not intend to pay any dividends on our Common Stock for the foreseeable future. Any determination as to the payment of dividends on our Common Stock in the future will be made by our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects as well as such other factors as our Board of Directors may deem relevant.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities in 2006.

Purchases of Equity Securities by the Small Business Issuer and Affiliated Purchasers

No purchases of shares of our Common Stock were made by us or on our behalf or by any "affiliated purchaser", as defined in Rule 10b-18(a)(3) under the U.S. Securities Exchange Act of 1934, as amended, during the quarter ended December 31, 2006.

Item 6. Management's Discussion and Analysis or Plan of Operation

General

The following discussion and analysis of our financial condition or plan of operation should be read in conjunction with, and is qualified in its entirety by, the more detailed information including our Financial Statements and the related Notes appearing elsewhere in this Annual Report. This Annual Report contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results and business plans discussed in the forward-looking statements. Factors that may cause or contribute to such differences include those discussed below in "Risk Factors," as well as those discussed elsewhere in this Annual Report.

Our Business Activities
We are engaged, through subsidiaries and joint ventures in which we are a participant, in the exploration for and development of oil and gas reserves. We initiated these activities in 2003. Through December 31, 2006, our activities have been undertaken in locations where we and our joint venture participants have been granted exploration rights pursuant to Production Sharing Contract's ("PSCs") entered into with the Government of India ("GOI").

At April 13, 2007, we have not reported any proved reserves of oil or natural gas. We have entered into ten PSCs. Each PSC relates to a separate drilling block onshore or offshore India and each provides for multi-year and multi-phase exploration and drilling activities. Exploration and development activities pursuant to the terms of these agreements are expected to continue throughout 2007.

Statements of Operations
Oil and Gas Operations
Our oil and gas exploration activities commenced at our inception on August 21, 2002. We have not since our inception earned any revenues from these operations.

Years ended December 31, 2006 and 2005
During the year ended December 31, 2006, we had expenses of $2,897,503 compared with expenses of $1,011,601 during the year ended December 31, 2005. This increase is primarily the result of the increased scale of our participation in oil and gas exploration activities, with commensurate additions to the office infrastructure and the initial year of accounting for stock-based compensation expense.

Our general and administrative expenses increased to $1,406,000 from $495,326. Of this increase, $563,551 reflects the adoption of FAS 123(R) pursuant to which we are is required to recognize compensation costs for stock-based arrangements with employees and consultants effective January 1, 2006. These general and administrative expenses include costs related to the corporate head office including administrative salaries and services, rent and office costs, insurance, American Stock Exchange listing and filing fees and transfer agent fees and services. Our consulting fees increased to $1,190,919 during the year ended December 31, 2006 from $265,446 in the prior year. Of this increase, $626,625 is attributable to the adoption of FAS 123(R) effective January 1, 2006. These consulting fees include $70,000 (2005 - $62,000) paid under our Technical Services Agreement with a corporation wholly owned by Mr. Roy and other fees and expenses we incurred in employing various technical and corporate consultants who advised us on a variety of matters. Professional fees increased to $251,261 during the year ended December 31, 2006 from $201,298 during the year ended December 31, 2005. Professional fees include those paid to our auditors for pre-approved audit, accounting and tax services and fees paid to our legal advisors primarily for services provided with regard to filing various periodic reports and other documents and reviewing our various oil and gas and other agreements. In addition, costs associated with initiating the modeling, testing and documenting internal controls as required by Section 404 of the Sarbanes Oxley Act were incurred during the latter part of the year. This resulted in an increase of $49,963 in the fees paid to our auditors, accountants and legal counsel for additional work incurred during the year ending December 2006 as compared to 2005.

During the year ended December 31, 2006, depreciation decreased slightly to $49,323 from $49,531 during the year ended December 31, 2005.

Our other expenses and income during the year ended December 31, 2006 resulted in income of $1,746,813 versus $530,621 for the same period in 2005. Included in other expenses and income is a foreign exchange loss of $4,737 compared to a gain in 2005 of $319. During the previous year ended December 31, 2005, we recovered fees and costs of $25,900 resulting from services provided and billed out to the GSPC and a gain on the sale of computer equipment of $42,228. No such expense recoveries or asset dispositions occurred during the year ended December 31, 2006. Our increase in interest income to $1,751,550 from $462,174 for the year ended December 31, 2005 is a result of the significant increase in the size of our cash balances we held during a full year in 2006 as compared to a partial year in

2005 as well as an increase in the US prime rate.

Net loss for the year ended December 31, 2006 was $1,150,690 versus a net loss of $480,980 in 2005. This result was mainly attributable to the adoption of FAS 123 (R) requiring the Company to recognize compensation costs for the stock-based compensation arrangements with employees and consultants effective January 1, 2006 net of the increase in interest earned during the most recent year.

We capitalized overhead costs directly related to our exploration activities in India. During the year ended December 31, 2006, these capitalized overhead costs were $2,133,984 as compared to $469,268 during the year ended December 31, 2005. This increase includes capitalized stock-based compensation of $766,689 recognized for the first time in 2006, as a consequence of our adoption of FASB 123(R) effective January 2006, with the remaining increase being consistent with the increased scale of our participation in oil and gas exploration activities.

Years ended December 31, 2005 and 2004

During the year ended December 31, 2005, we had expenses of $1,011,601 compared with expenses of $912,092 during the year ended December 31, 2004. This increase is primarily the result of the increased scale of our participation in oil and gas exploration activities.

Our general and administrative expenses increased to $495,326 from $451,788. These general and administrative expenses include costs related to the corporate head office including administrative salaries and services, rent and office costs, insurance, American Stock Exchange listing and filing fees and transfer agent fees and services. Our consulting fees increased to $265,446 during the year ended December 31, 2005 from $237,615 in the prior year. These consulting fees reflect $62,000 (2004 - $50,000) paid under our Technical Services Agreement ("TSA") with Roy Group (Barbados) Inc. ("RGB"), a corporation wholly owned by Mr. Roy and other fees and expenses we incurred in employing various technical and corporate consultants who advised us on a variety of matters. Professional fees increased to $201,298 during the year ended December 31, 2005 from $161,381 during the year ended December 31, 2004. Professional fees include those paid to our auditors for pre-approved audit, accounting and tax services and fees paid to our legal advisors primarily for services provided with regard to filing various periodic reports and other documents and reviewing our various oil and gas and other agreements. The increase is attributable to an approximately $40,000 increase in our fees paid to our auditors for additional work incurred during the year ending December 2005 as compared to 2004.

During the year ended December 31, 2005, depreciation decreased to $49,531 from $61,308 during the year ended December 31, 2004.

Our other expenses and income during the year ended December 31, 2005 resulted in income of $530,621 versus $44,596 for the same period in 2004. Included in other expenses and income is a foreign exchange gain of $319 compared to a loss in 2004 of $3,495. During the year ended December 31, 2005, we recovered fees and costs of $25,900 (2004 - $16,500) resulting from services provided and billed out to the GSPC. Other expenses and income include a gain on the sale of computer equipment of $42,228 during the year ended December 31, 2005. Our increase in interest income to $462,174 from $31,591 for the year ended December 31, 2004 is a result of the significant increase in the size of our cash balances we held during the year as compared to 2004 as well as an increase in the US prime rate.

Reflecting the increase in our interest income during the year ended December 31, 2005 as compared to the year ended December 31, 2004, we reduced our net loss to $480,980 compared to a net loss of $867,496 in 2004.

We capitalized overhead costs directly related to our exploration activities in India. During the year ended December 31, 2005, these capitalized overhead costs were $469,268 as compared to $336,535 during the year ended December 31, 2004. This increase is consistent with the increased scale of our participation in oil and gas exploration activities.

Liquidity and Capital Resources

Years ended December 31, 2006 and 2005

Our net cash used in operating activities during the year ended December 31, 2006 was $245,071 as compared to $165,558 for the year ended December 31, 2005. This increase is mostly the result of an increase in our exploration activities net of our interest earned on our cash balances for the year ended December 31, 2006 as compared to 2005.

Cash used by investing activities during the year ended December 31, 2006 was $8,267,169 as compared to $1,679,352 during the year ended December 31, 2005. This increase is a result of the increased scale of our participation in oil and gas exploration activities. Funds of $6,739,386 were used for exploration activities and $142,924 for the acquisition of property and equipment in 2006 as compared to $1,578,124 and $36,826 in 2005. These acquisitions included computer and office equipment totaling $114,835 plus a deposit on our office condominium in India of $28,090. As well we incurred $6,739,386 as our share of exploration costs related to our PSCs for our oil and gas interests in India. The increase in restricted cash of $3,198,284 represents additional term deposits we made in 2006 as compared to $185,689 in 2005 which are used as collateral for letters of credit given to the GOI as minimum work commitment guarantees on a total of six exploration blocks at December 31, 2006.

Cash provided by financing activities for the year ended December 31, 2006 was $4,837,830 as compared to cash provided in financing activities of $33,462,700 during the year ended December 31, 2005. This consisted of $4,922,640 from the issuance of 3,254,000 shares of common stock on the exercise of options and purchase warrants issued from our 2003 financing less share issuance costs of $74,010.

At December 31, 2006, our cash and cash equivalents were $32,362,978 (December 31, 2005 - $36,037,388). The majority of these funds are currently held as US funds in our bank accounts and in term deposits earning interest based on the US prime rate.

Years ended December 31, 2005 and 2004

Our net cash used in operating activities during the year ended December 31, 2005 was $165,558 as compared to $1,075,637 for the year ended December 31, 2004. This decrease is mostly as a result of our reduced net loss for the year ended December 31, 2005 as compared to 2004.

Cash used by investing activities during the year ended December 31, 2005 was $1,679,352 as compared to $748,222 during the year ended December 31, 2004. This increase is a result of the increased scale of our participation in oil and gas exploration activities. Funds of $1,615,000 were used for exploration activities and the acquisition of property and equipment as compared to $547,357 in 2004. The property and equipment acquired included computer and office equipment totaling $36,876 with the balance of $1,578,124 incurred as exploration costs for our oil and gas interests in India. The restricted cash of $185,689 represents additional term deposits we made in 2005 which are used as collateral for two letters of credit given to the GOI as a minimum work commitment guarantee on the Cambay Blocks.

Cash provided by financing activities for the year ended December 31, 2005 was $33,462,700 as compared to cash used in financing activities of $786,450 during the year ended December 31, 2004. As further described below, during the year ended December 31, 2005, we completed the sale of 3,252,400 Units of our securities at $6.50 per Unit, together with a concurrent sale of an additional 1,000,000 Units on the same terms, for aggregate cash gross proceeds of $27,640,600. This amount combined with cash of $7,352,985 which was provided from the issuance of 3,494,400 shares of common stock on the exercise of options, purchase warrants and broker warrants issued in our 2003 financing, less financing costs of $1,541,685 incurred in connection with the 2005 financing accounts for the increase in our cash and cash equivalents. Cash provided by financing activities for the year ended December 31, 2005 in the amount of $786,450 included the full repayment of $1,000,000 of the note payable, net of $213,550 realized from the issuance of 154,100 shares of common stock on the exercise of options and broker warrants.

The sale of the 3,252,400 Units of securities was completed in September 2005. The securities were sold at $6.50 per Unit, together with a concurrent sale of an additional 1,000,000 Units on the same terms, for aggregate gross cash total proceeds of $27,640,600.

Each Unit is comprised of one common share and one half of one warrant. One full warrant ("2005 Purchase Warrant") entitles the holder to purchase one additional common share for $9.00, for a term of two years expiring September 2007. The 2005 Purchase Warrants are subject to accelerated expiration in the event that the price of the Company's common shares on the American Stock Exchange is $12.00 or more for 20 consecutive trading days, the resale of the shares included in the Units and issuable on exercise of the 2005 Purchase Warrants has been registered under the US Securities Act of 1933, as amended (the “Act”), and the hold period for Canadian subscribers has expired. In such events, the warrant term will be reduced to 30 days from the date of issuance of a news release announcing such accelerated expiration of the warrant term.

Costs of $1,541,685 were incurred in issuing shares in these transactions which included a fee of $1,268,436 paid to Jones Gable & Company Limited with respect to the sale of the 3,252,400 Units, and, in addition, Compensation Options were issued to Jones Gable & Company Limited entitling it to purchase an additional 195,144 Units at an exercise price of $6.50 per Unit through their expiration in September 2007. Compensation Options are also subject to accelerated expiration on the same terms and conditions as the warrants issued in the transaction.

At December 31, 2005, our cash and cash equivalents were $36,037,388 (December 31, 2004 - $4,419,598). The majority of these funds are currently held as US funds in our bank accounts and in term deposits earning interest based on the US prime rate.

The KG Offshore Block and Our Carried Interest Agreement

At December 31, 2006, GSPC, the Operator of the KG Offshore Block, has expended on exploration activities approximately $26.1 million attributable to us under the CIA as compared to $14.1 million at December 31, 2005. Of this amount, 50% is for the account of RGM. Under the terms of the CIA, GeoGlobal and RGM are carried by GSPC for 100% of all our share of any costs during the exploration phase on the KG Offshore Block prior to the start date of initial commercial production.

Under the terms of the PSC, GSPC is committed to expend further funds for the exploration of and drilling on the KG Offshore Block. Preliminary estimates were that these expenditures attributable to us will total approximately $22.0 million over the 6.5 year term of the PSC. Additional drilling costs incurred in drilling to depths in excess of 5,000 meters versus shallower depths as originally anticipated, as well as the testing and completion costs of these wells, has resulted in our actual costs significantly exceeding our original budgeted expenditures. The estimated annual budget for costs to be incurred by GSPC for the twelve month period April 1, 2007 to March 31, 2008 attributable to us under the CIA is approximately $50.4 million. Of this amount, 50% is for the account of RGM. We are unable to estimate the amount of additional expenditures GSPC will make attributable to us prior to the start date of initial commercial production under the CIA or when, if ever, any commercial production will commence. As provided in the CIA, we will be required to bear the expenditures attributable to us after the start date of initial commercial production on the KG Offshore Block.

We will not realize cash flow from the KG Offshore Block until such time as the expenditures attributed to us, including those expenditures made for the account of RGM under the CIA have been recovered by GSPC from future production revenue. Under the terms of the CIA, all of our proportionate share of capital costs for exploration and development activities must be repaid to GSPC without interest over the projected production life or ten years, whichever is less.

KG Onshore Block Agreement

Under the PSC for the KG Onshore Block, the Phase I work commitment consists of reprocessing 564 LKM of 2-D seismic, conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 548 sq km of 3-D seismic. This Phase I commitment further consists of the drilling of 12 exploration wells to various depths between 2,000 and 5,000 meters. The Company will be required to fund its 10% proportionate share of the costs incurred in these activities estimated to be approximately US$8.5 million over the four years of the first phase of the work commitment with respect to a 10%participating interest in the block and approximately US$21.3 million with respect to a 25% participating interest in the block.

Cambay Block Agreements

We originally committed to expend a minimum aggregate of approximately $2.5 million for exploration activities under the terms of the PSCs on the Mehsana and Sanand/Miroli Cambay Blocks over a period of 6 years. At December 31, 2006, we have incurred costs of approximately $1.0 million with respect to the Mehsana Block and approximately $1.1 million with respect to the Sanand/Miroli Block. We estimate that our expenditures for exploration activities during the 2007 fiscal year will be approximately $2.3 million on the Mehsana Block and approximately $2.6 million on the Sanand/Miroli Block based upon our 10% PI in these PSCs.

At December 31, 2006, we have provided to the GOI three irrevocable letters of credit totaling $2,216,445 (Mehsana US$711,445, Sanand/Miroli US$905,000 and Ankleshwar US$600,000) (December 31, 2005 - $392,485) secured by our term deposits in the same amount. These letters of credit serve as guarantees for the performance of the minimum work commitments for the budget period April 1, 2006 to March 31, 2007 of Phase I of these Cambay Blocks.

As the holder of a participating interest in the Tarapur Block, we are required to fund a 20% share of all exploration and development costs incurred on the exploration block. To December 31, 2006, we have incurred costs of approximately $4.0 million under the terms of our agreement with GSPC. We originally committed to expend an aggregate of approximately $1.2 million for exploration activities under the terms of the agreement entered into covering the Tarapur block over the period ending November 22, 2007. It is expected however, that with the increase in GSPC’s current drilling activities, we have increased our estimated expenditures to $2.7 million over the period April 1 to November 22, 2007.

At December 31, 2006, we provided to the GOI an irrevocable letter of credit in the amount of US$1,200,000 for the Tarapur Block secured by a term deposit of the Company in the same amount. This letter of credit serves as a guarantee for the performance of the exploration work commitment for the Tarapur Block for the budget period also ending March 31, 2007. Under the terms of the agreement, the Company will be required to keep in force a Financial and Performance Guarantee in an amount sufficient to secure its performance under the Tarapur PSC.

Under the terms of our PSC for the Ankleshwar Block, we have committed to expend approximately $1.7 million for exploration activities over a period of seven years. As at December 31, 2006, we have incurred costs of approximately $400,000 on the Ankleshwar Block. We estimate our expenditures for exploration activities during the period April 1, 2007 to March 31, 2008 will be approximately $2.7 million on Ankleshwar Block.

The Deccan Syneclise Block Agreements

Under the terms of the PSC for the DS 03 Block, we have committed to expend approximately $9.6 million for exploration activities over a period of seven years. As at December 31, 2006, we have incurred costs of approximately $50,000 on this block. We estimate our expenditures for exploration activities during the period April 1, 2007 to March 31, 2008 will be approximately $400,000 based upon our PI in this PSC.

Under the PSC for the DS 04 Block, the Phase I work commitment consists of conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 325 LKM of 2-D seismic. We further committed to drill 10 core holes to a depth of approximately 500 meters. We will be required to fund our 100% proportionate share of the costs incurred in these activities estimated to be approximately US$1.2 million over the four years of the first phase of the work commitment.

Rajasthan Block Agreements

The combined Phase I work commitments under the PSCs for RJ Block 20 and RJ Block 21 consist of reprocessing of a total 926 LKM of 2-D seismic, conducting a gravity and magnetic and geochemical survey, as well as a seismic acquisition program consisting of 560 LKM of 2-D seismic and 1,311 sq km of 3-D seismic. The combined Phase I commitments further consist of drilling a total of 20 exploration wells over both blocks to various depths between 2,000 and 2,500 meters. We will be required to fund our 25% proportionate share of the costs incurred in these activities estimated to be approximately US$18.3 million over the four years of the first phase of the work commitments.

Plan of Operations in 2007
We expect our exploration and development activities pursuant to the PSCs we are parties to will continue throughout 2007 in accordance with the terms of those agreements. In addition, we may seek to participate in joint ventures bidding for the award of further PSCs for exploration blocks expected to be awarded by the GOI in the future. As of April 13, 2007, we have no specific plans to join with others in bidding for any specific PSCs in India. We expect that our interest in any such ventures would involve a minority PI in the venture. In addition, as opportunities arise, we may seek to acquire minority PI's in exploration blocks where PSCs have been heretofore awarded by the GOI. The acquisition of any such interests would be subject to the execution of a definitive agreement and obtaining the requisite government consents and other approvals.

We may during the year 2007 seek to participate in joint venture bidding for the acquisition of oil and gas interests in other international countries. As of April 13, 2007, we have not been awarded any such interests.

Depending upon the scope of our activities during the year 2007, we may require additional capital for the possible acquisition of further minority PIs in PSCs in drilling blocks heretofore awarded and that we may hereafter propose to enter into in India and possibly elsewhere. We believe it can be expected that our interest in such ventures would be a PI. As of April 13, 2007, the scope of any possible such activities has not been definitively established and, accordingly, we are unable to state the amount of any funds that may be required for these purposes. As the holder of a PI in any such possible activities, it can be expected that we will be required to contribute capital to any such ventures in proportion to our percentage interest. No specific plans or arrangements have been made to raise additional capital and we have not entered into any agreements in that regard. We expect that if we seek to raise additional capital it will be through the sale of equity securities. As of April 13, 2007, we are unable to estimate the terms on which any such capital may be raised, the price per share or possible number of shares involved.

We believe that our available cash resources will be sufficient to meet all our expenses and cash requirements during the year ended December 31, 2007 for our present level of operations. We do not expect to have any significant change in 2007 in our number of employees.

Critical Accounting Policies and Estimates
The Company’s Significant Accounting Policies are outlined in Note 2 to our Consolidated Financial Statements in Item 7 of this Annual Report. In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of our consolidated financial position and the consolidated results of our operations and our cash flows in conformity with U.S. generally accepted accounting principles. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting policies.

Property and equipment
The Company follows the full cost method of accounting for its petroleum and natural gas operations. Upon the commencement of economic production quantities of petroleum and natural gas, depletion of our exploration costs in India included in Property and Equipment, will be provided on a country-by-country basis using the unit-of-production method based upon estimated proven petroleum and natural gas reserves. The costs of acquiring and evaluating our unproven properties in India will not be depleted until it is determined whether or not proven reserves are attributable to the properties, the major development projects are completed, or impairment occurs. To date we are currently in the development stage and have not yet found any commercial reserves in India. We are continuing with our exploratory drilling programs in India and have no basis for impairment of the costs incurred to date.

Recent Accounting Standards
<u>*Accounting for Uncertainty in Income Taxes*</u>

In June 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (“FIN 48”), an interpretation of FASB Statement No. 109, “Accounting for Income Taxes”. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Interpretation requires that the Corporation recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning January 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of deficit. The Corporation is currently evaluating the impact FIN 48 will have on its consolidated financial statements.

Fair Value Measurements
In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" ("FAS 157"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 157 will have on its consolidated financial statements.

The Fair Value Option for Financial Assets and Financial Liabilities
In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115", ("FAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years, and is applicable beginning in the first quarter of 2008. The Company is currently evaluating the impact that FAS 159 will have on its consolidated financial statements.

Cautionary Statement For Purposes Of The "Safe Harbor" Provisions Of The Private Securities Litigation Reform Act Of 1995
With the exception of historical matters, the matters discussed in this Report are "forward-looking statements" as defined under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. Forward-looking statements made herein include, but are not limited to:

- the statements in this Report regarding our plans and objectives relating to our future operations,
- plans and objectives regarding the exploration, development and production activities conducted on the exploration blocks in India in which we have interests,
- plans regarding drilling activities intended to be conducted through the ventures in which we are a participant, the success of those drilling activities and our ability and the ability of the ventures to complete any wells on the exploration blocks, to develop reserves of hydrocarbons in commercially marketable quantities, to establish facilities for the collection, distribution and marketing of hydrocarbons, to produce oil and natural gas in commercial quantities and to realize revenues from the sales of those hydrocarbons,
- our ability to maintain compliance with the terms and conditions of our PSCs, including the related work commitments, to obtain consents, waivers and extensions from the GOI as and when required, and our ability to fund those work commitments,
- our plans and objectives to join with others or to directly seek to enter into or acquire interests in additional PSCs with the GOI and others,
- our assumptions, plans and expectations regarding our future capital requirements,
- our plans and intentions regarding our plans to raise additional capital,
- the costs and expenses to be incurred in conducting exploration, well drilling, development and production activities and the adequacy of our capital to meet our requirements for our present and anticipated levels of activities are all forward-looking statements.

These statements appear, among other places, under the captions "Management's Discussion and Analysis or Plan of Operations" and "Risk Factors". If our plans fail to materialize, your investment will be in jeopardy.

- We cannot assure you that our assumptions or our business plans and objectives discussed herein will prove to be accurate or be able to be attained.
- We cannot assure you that any commercially recoverable quantities of hydrocarbon reserves will be discovered on the exploration blocks in which we have an interest.
- Our ability to realize revenues cannot be assured. Our ability to successfully drill, test and complete producing wells cannot be assured.
- We cannot assure you that we will have available to us the capital required to meet our plans and objectives at the times and in the amounts required or we will have available to us the amounts we are required to fund under the terms of the PSCs we are a party to.
- We cannot assure you that we will be successful in joining any further ventures seeking to be granted PSCs by the GOI or that we will be successful in acquiring interests in existing ventures.
- We cannot assure you that we will obtain all required consents, waivers and extensions from the GOI as and when required to maintain compliance with our PSCs and that we may not be adversely affected by any delays we may experience in receiving those consents, waivers and extensions.
- We cannot assure you that the outcome of testing of one or more wells on the exploration blocks under our PSCs will be satisfactory and result in a commercially-productive wells or that any further wells drilled will have commercially-successful results.

Our inability to meet our goals and objectives or the consequences to us from adverse developments in general economic or capital market conditions, events having international consequences, or military or terrorist activities could have a material adverse effect on us. We caution you that various risk factors accompany those forward-looking statements and are described, among other places, under the caption "Risk Factors" herein. They are also described in our Quarterly Reports on Form 10-QSB and 10-Q, and our Current Reports on Form 8-K. These risk factors could cause our operating results, financial condition and ability to fulfill our plans to differ materially from those expressed in any forward-looking statements made in this Report and could adversely affect our financial condition and our ability to pursue our business strategy and plans.

Risk Factors

An investment in shares of our common stock involves a high degree of risk. You should consider the following factors, in addition to the other information contained in this Annual Report, in evaluating our business and current and proposed activities before you purchase any shares of our common stock. You should also see the "Cautionary Statement for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995" regarding risks and uncertainties relating to us and to forward-looking statements in this Annual Report.

There can be no assurance that the exploratory drilling to be conducted on the exploration blocks in which we hold an interest will result in any discovery of reserves of hydrocarbons or that any hydrocarbons that are discovered will be in commercially recoverable quantities. In addition, the realization of any revenues from commercially recoverable hydrocarbons is dependent upon the ability to deliver, store and market any hydrocarbons that are discovered. The presence of hydrocarbon reserves on contiguous properties is no assurance or necessary indication that hydrocarbons will be found in commercially marketable quantities on the exploration blocks in which we hold an interest.

Risks Relating to Our Oil and Gas Activities

Because We Are In the Early Stage Of Developing Our Activities, There Are Considerable Risks That We Will Be Unsuccessful

We are in the early stage of developing our operations. Our only activities in the oil and natural gas exploration and production industry have primarily involved entering into ten PSCs with the GOI. We have realized no revenues from our oil and natural gas exploration and development activities and do not claim any proved reserves of oil or natural gas. As of April 13, 2007, a venture in which we have a net 5% carried interest has drilled and abandoned two wells, has drilled, tested and cased three wells and is currently drilling two wells. Two ventures that we have a 10% participating interest have drilled and abandoned two wells, are in the testing phase of two wells and have suspended one well. One venture that we have a 20% PI has drilled eight wells of which three have been abandoned and five that are either currently suspended or are being tested.

Our current plans are to conduct the exploration and development activities on the areas offshore and onshore India in accordance with the terms of the PSCs we are a party to. There can be no assurance that the exploratory drilling to be conducted on the exploration blocks in which we hold will result in any discovery of hydrocarbons or that any hydrocarbons that are discovered will be in commercially recoverable quantities. In addition, the realization of any revenues from commercially recoverable hydrocarbons is dependent upon the ability to deliver, store and market any hydrocarbons that are discovered and as of April 13, 2007, there are no or limited facilities for the delivery and storage of hydrocarbons on the areas covered by our PSCs. The presence of hydrocarbon reserves on contiguous properties is no assurance or necessary indication that hydrocarbons will be found in commercially marketable quantities on the exploration blocks in which we hold an interest. Our exploration opportunities are highly speculative and should any of these opportunities not result in the discovery of commercial quantities of oil and gas reserves, our investment in the venture could be lost.

Our business plans also include seeking to enter into additional joint ventures or other arrangements to acquire interests in additional government created and granted hydrocarbon exploration opportunities, primarily located onshore or in the offshore waters of India and possibly elsewhere. Opportunities to acquire interests in exploration opportunities will be dependent upon our ability to identify, negotiate and enter into joint venture or other similar arrangements with respect to specific exploration opportunities and upon our ability to raise sufficient capital to fund our participation in those joint ventures or other exploration activities. Our success will be dependent upon the success of the exploration activities of the ventures in which we acquire an interest and our ability to have adequate capital resources available at the times required.

Our Interest In The Production Sharing Contracts Involve Highly Speculative Exploration Opportunities That Involve Material Risks That We Will Be Unsuccessful

Our interests in the exploration blocks should be considered to be highly speculative exploration opportunities that involve material risks. None of the exploration blocks in which we have an interest have any proven reserves and are not producing any quantities of oil or natural gas. Exploratory drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be encountered. There can be no assurance that wells drilled on any of the exploration blocks in which we have an interest or by any venture in which we may acquire an interest in the future will be productive or that we will receive any return or recover all or any portion of our investment. Drilling for oil and gas may involve unsuccessful or unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. The cost of drilling, completing and operating wells is often uncertain. Drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond the operator’s control, including economic conditions, mechanical problems, extreme downhole pressures and temperatures, title problems, weather conditions, compliance with governmental requirements and shortages or delays of equipment and services. Drilling activities on the exploration blocks in which we hold an interest may not be successful and, if unsuccessful, such failure may have a material adverse effect on our future results of operations and financial condition.

Possible Inability of Contracting Parties to Fulfill Phase One of the Minimum Work Program for Certain of Our PSCs

Our PSC relating to the KG Offshore Block provides that by the end of the first phase of the exploration phase the contracting parties shall have drilled at least fourteen wells. The first phase of the exploration period relating to the PSC for the KG Offshore Block has expired without the required minimum of at least fourteen exploration wells being drilled during the first phase. GSPC, as operator and on behalf of the contracting parties, is engaged in seeking from the GOI its consent to an extension of the expiration date of the first phase of the exploration period and is also seeking to proceed to the second phase of the exploration period without relinquishing any of the contract area at the end of the first phase. In connection with the process of seeking these consents, on February 24, 2006, the management committee for the KG Offshore Block, which includes members representing the GOI, recommended a further extension of the first phase of twelve months to March 11, 2007. On February 9 2007, GSPC proposed to the Directorate General of Hydrocarbons, a body under the Ministry of Petroleum & Natural Gas (“DGH”) and to the GOI that the contracting parties proceed to the next exploration phase (Phase II) upon completion of Phase I which was expiring on March 11, 2007. It was also requested, on behalf of the contracting parties, to not relinquish any of the contract area at the end of Phase I. On March 12, 2007 DGH noted the option of GSPC, on behalf of the contracting parties, to enter phase two and advised that entry into phase two, effective March 12, 2007, is subject to the following conditions: (1) Any decision by the GOI on the substitution of the Work Program of Phase I will be binding on the contracting parties; and (2) Any decision by the GOI on relinquishment of the 25% of original contract Area (ie. 462 sq. kms.) under the PSC would be binding on the contracting parties. The extension of the first phase for the 18 months to March 11, 2007 would be deducted from the next succeeding exploration phase. As such the second phase would have a term of one year and expire March 11, 2008. As at April 13, 2007, five exploratory wells have been drilled and one exploratory well, the KG#16 well, is currently being drilled on the exploration block leaving eight exploration wells to be drilled. A seventh well, the KG#28 is also being drilled on the exploration block, but has been classified by the management committee as an appraisal well for the purposes of the PSC and not as an exploration well. Approval of the extension and the entering into the second phase of exploration under the PSC without relinquishment of any portion of the contract area from the GOI is currently outstanding. Unless this approval is granted, the Company may be liable for the consequences of non-fulfillment of the minimum work commitment in a given time frame under the PSC. The PSC has provisions for termination of the PSC on account of various reasons specified therein including material breach of the contract. Termination rights can be exercised after giving ninety days written notice. This failure to timely complete the minimum work commitment, though the Company has been advised by GSPC there is no precedence, may be deemed by the GOI to be a failure to comply with the provisions of the contract in a material particular.

The termination of the PSC by the GOI would result in the loss of the Company's interest in the KG Offshore Block other than areas determined to encompass "commercial discoveries". The PSC sets forth procedures whereby the operator can obtain the review of the management committee under the PSC as to whether a discovery on the exploration block should be declared a commercial discovery under the PSC. Those procedures have not been completed at present with respect to the discovery on the KG Offshore Block and, accordingly, as of April 13, 2007, no areas on the KG Offshore Block have been determined formally to encompass "commercial discoveries" as that term is defined under the PSC.

In the event the PSC is terminated by the Government of India, or in the event the work program is not fulfilled by the end of the relevant exploration phase, the PSC provides that each party to the PSC is to pay to the GOI its participating interest share of an amount which is equal to the amount that would be required to complete the minimum work program for that phase. We are of the view that GSPC, under the terms of our CIA, would be liable for our participating interest share of the amount required to complete the minimum work program for the phase.

The PSC relating to the Mehsana Block expired without the required minimum of seven wells having been drilled. In October, 2006 the management committee under the PSC for the Mehsana Block approved a proposal to seek from the GOI an extension of the first exploration phase for a six month period from November 21, 2006 to May 20, 2007 and on April 6, 2007 the members of the operating committee under the Mehsana Block operating agreement resolved to submit an application to the GOI for extension for an additional six months to November 20, 2007 to complete the minimum work program under Phase I. In seeking that extension, the joint venture partners agreed to provide a 100% Bank Guarantee and a 10% cash payment to be agreed upon based on pre-estimated liquidated damages for the unfinished minimum work program as reasonably determined by DGH, which has not yet been determined. As well, the contractor would be required to relinquish 25% of the block pursuant to the provisions of the PSC. The period of extension will be set off against the term of the Second Phase which would reduce Phase II to one year expiring November 20, 2008. Final consent to this extension is awaiting GOI approval.

The PSC relating to the Sanand/Miroli Block expired without the required minimum of twelve wells having been drilled. On January 29, 2007 the management committee under the PSC for the Sanand/Miroli Block approved a proposal to seek from the GOI an extension of the first exploration phase for a six month period from January 28, 2007 to July 28, 2007. Final consent to this extension is awaiting GOI approval.

Because Our Activities Have Only Recently Commenced And We Have No Operating History And Reserves Of Oil And Gas, We Anticipate Future Losses; There Is No Assurance Of Our Profitability

Our oil and natural gas operations have been only recently established and we have very limited operating history, oil and gas reserves or assets upon which an evaluation of our business, our current business plans and our prospects can be based. Our prospects must be considered in light of the risks, expenses and problems frequently encountered by all companies in their early stages of development and, in particular, those engaged in exploratory oil and gas activities. Such risks include, without limitation:

- We will experience failures to discover oil and gas in commercial quantities;
- There are uncertainties as to the costs to be incurred in our exploratory drilling activities, cost overruns are possible and we may encounter mechanical difficulties and failures in completing wells;
- There are uncertain costs inherent in drilling into unknown formations, such as over-pressured zones, high temperatures and tools lost in the hole; and
- We may make changes in our drilling plans and locations as a result of prior exploratory drilling.

During the exploration phase prior to the start date of initial commercial production, we have a carried interest in the exploration activities on the KG Offshore Block. Our interests in our other exploration blocks are participating interests which require us to pay our proportionate share of exploration, drilling and development expenses on these blocks substantially as those expenses are incurred. Unexpected or additional costs can affect the commercial viability of producing oil and gas from a well and will affect the time when and amounts that we can expect to receive from any production from a well. Because our carried costs of exploration and drilling on the KG Offshore Block are to be repaid in full to the operator, GSPC, before we are entitled to any share of production, additional exploration and development expenses will reduce and delay any share of production and revenues we will receive.

There can be no assurance that the ventures in which we are a participant will be successful in addressing these risks, and any failure to do so could have a material adverse effect on our prospects for the future. Our operations were recently established, and as such, we have no substantial operating history to serve as the basis to predict our ability to further the development of our business plan. Likewise, the outcome of our exploratory drilling activities, as well as our quarterly and annual operating results cannot be predicted. Consequently, we believe that period to period comparisons of our exploration, development, drilling and operating results will not necessarily be meaningful and should not be relied upon as an indication of our stage of development or future prospects. Through April 13, 2007, we abandoned two wells drilled on the KG Offshore Block, two wells on the Mehsana Block and three wells on the Tarapur Block and it is likely that in some future quarter our stage of development or operating or drilling results may fall below our expectations or the expectations of securities analysts and investors and that some of our drilling results will be unsuccessful and the wells abandoned. In such event, the trading price of our common stock may be materially and adversely affected.

We Expect to Have Substantial Requirements For Additional Capital That May Be Unavailable To Us Which Could Limit Our Ability To Participate In Our Existing and Additional Ventures Or Pursue Other Opportunities. Our Available Capital is Limited

In order to participate under the terms of our PSCs as well as in further joint venture arrangements leading to the possible grant of exploratory drilling opportunities, we will be required to contribute or have available to us material amounts of capital. Under the terms of our CIA relating to the KG Offshore Block, after the start date of initial commercial production on the KG Offshore Block, and under the terms of the nine other PSCs we are parties to, we are required to bear our proportionate share of costs during the exploration phases of those agreements. There can be no assurance that our currently available capital will be sufficient for these purposes or that any additional capital that is required will be available to us in the amounts and at the times required. Such capital also may be required to secure bonds in connection with the grant of exploration rights, to conduct or participate in exploration activities or be engaged in drilling and completion activities. We intend to seek the additional capital to meet our requirements from equity and debt offerings of our securities. Our ability to access additional capital will depend in part on the success of the ventures in which we are a participant in locating reserves of oil and gas and developing producing wells on the exploration blocks, the results of our management in locating, negotiating and entering into joint venture or other arrangements on terms considered acceptable, as well as the status of the capital markets at the time such capital is sought.

There can be no assurance that capital will be available to us from any source or that, if available, it will be at prices or on terms acceptable to us. Should we be unable to access the capital markets or should sufficient capital not be available, our activities could be delayed or reduced and, accordingly, any future exploration opportunities, revenues and operating activities may be adversely affected and could also result in our breach of the terms of a PSC which could result in the loss of our rights under the contract.

As of December 31, 2006, we had cash and cash equivalents of approximately $33.4 million. We currently expect that our available cash will be sufficient to fund us through the budget periods ending March 31, 2008 and through the balance of 2007 at our present level of operations on the ten exploration blocks in which we are currently a participant including our newly acquired NELP-VI exploration blocks. Although exploration activity budgets are subject to ongoing review and revision, our present estimate of our commitments of capital pursuant to the terms of our PSCs relating to our six exploration blocks, excluding our newly acquired NELP-VI exploration blocks, totals approximately $12.7 million during the period April 1, 2007 to March 31, 2008. We anticipate total expenditures on the four newly acquired NELP-VI blocks for the first exploration phase which covers four years to be approximately $28 million. Any further PSC's we may seek to enter into or any expanded scope of our operations or other transactions that we may enter into may require us to fund our participation or capital expenditures with amounts of capital not currently available to us. We may be unsuccessful in raising the capital necessary to meet these capital requirements. There can be no assurance that we will be able to raise the capital.

India’s Regulatory Regime May Increase Our Risks And Expenses In Doing Business

All phases of the oil and gas exploration, development and production activities in which we are participating are regulated in varying degrees by the Indian government, either directly or through one or more governmental entities. The areas of government regulation include matters relating to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental protection and rig safety. In addition, the award of a PSC is subject to GOI consent and matters relating to the implementation and conduct of operations under the PSC are subject, under certain circumstances, to GOI consent. As a consequence, all future drilling and production programs and operations we undertake or are undertaken by the ventures in which we participate in India must be approved by the Indian government. Shifts in political conditions in India could adversely affect our business in India and the ability to obtain requisite government approvals in a timely fashion or at all. We, and our joint venture participants, must maintain satisfactory working relationships with the Indian government. This regulatory environment and possible delays inherent in that environment may increase the risks associated with our exploration and production activities and increase our costs of doing business.

Our Control By Directors And Executive Officers May Result In Those Persons Having Interests Divergent From Our Other Stockholders

As of April 13, 2007, our Directors and executive officers and their respective affiliates, in the aggregate, beneficially hold 32,523,667 shares or approximately 49.1% of our outstanding Common Stock. As a result, these stockholders possess significant influence over us, giving them the ability, among other things, to elect a majority of our Board of Directors and approve significant corporate transactions. These persons will retain significant control over our present and future activities and our other stockholders and investors may be unable to meaningfully influence the course of our actions. These persons may have interests regarding the future activities and transactions in which we engage which may diverge from the interests of our other stockholders. Such share ownership and control may also have the effect of delaying or preventing a change in control of us, impeding a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquiror from making a tender offer or otherwise attempting to obtain control of us which could have a material adverse effect on the market price of our Common Stock. Although management has no intention of engaging in such activities, there is also a risk that the existing management will be viewed as pursuing an agenda which is beneficial to themselves at the expense of other stockholders.

Our Reliance On A Limited Number Of Key Management Personnel Imposes Risks On Us That We Will Have Insufficient Management Personnel Available If The Services Of Any Of Them Are Unavailable

We are dependent upon the services of our President and Chief Executive Officer, Jean Paul Roy, and Executive Vice President and Chief Financial Officer, Allan J. Kent. The loss of either of their services could have a material adverse effect upon us. We currently do not have employment agreements with either of such persons or key man life insurance. The services of both Mr. Roy and Mr. Kent are provided pursuant to the terms of agreements with corporations wholly-owned by each of them. At present, Mr. Kent's services are provided through an oral agreement with the corporation he owns. Accordingly, these agreements do not contain any provisions whereby Mr. Roy and Mr. Kent have direct contractual obligations to us to provide services or refrain from other activities.

At present, our future is substantially dependent upon the geological and geophysical capabilities of Mr. Roy to locate oil and gas exploration opportunities for us and the ventures in which we are a participant. His inability to do the foregoing could materially adversely affect our future activities. We entered into a three-year TSA with RGB dated August 29, 2003, a company owed 100% by Mr. Roy, to perform such geological and geophysical duties and exercise such powers related thereto as we may from time to time assign to it. The expiration term of this contract has subsequently been extended to December 31, 2007. We have no agreement directly with Mr. Roy regarding his services to us.

Our Success Is Largely Dependent On The Success Of The Operators Of The Ventures In Which We Participate And Their Failure Or Inability To Properly Or Successfully Operate The Oil And Gas Exploration, Development And Production Activities On An Exploration Block, Could Materially Adversely Affect Us

At present, our only oil and gas interests are our contractual rights under the terms of the ten PSCs with the GOI that we have entered into. We are not and will not be the operator of any of the exploration, drilling and production activities conducted on our exploration blocks, with the exception of the DS block in which we are the operator. Accordingly, the realization of successes in the exploration of the blocks is substantially dependent upon the success of the operators in exploring for and developing reserves of oil and gas and their ability to market those reserves at prices that will yield a return to us.

Under the terms of our CIA for the KG Offshore Block, we have a carried interest in the exploration activities conducted by the parties on the KG Offshore Block prior to the start date of initial commercial production. However, under the terms of that agreement, all of our proportionate share of capital costs for exploration and development activities must be repaid without interest over the projected production life or ten years, whichever is less. Our proportionate share of these costs and expenses expected to be incurred over the 6.5 year term of the PSC for which our interest is carried was originally estimated to be approximately $22.0 million. Additional drilling costs including the drilling to depths in excess of 5,000 meters, where higher downhole temperatures and pressures are encountered, versus shallower depths as originally anticipated, as well as the testing and completion costs of these wells, has resulted in additional costs exceeding originally estimated expenditures. As a consequence of these additional drilling costs incurred, as of April 13, 2007, the annual budget for the period April 1, 2007 to March 31, 2008 submitted to the Management Committee under the PSC for the KG Offshore Block estimates that GSPC will expend approximately $50.4 million attributed to us (including the amount attributable to RGM) under the CIA over the period April 1, 2007 to March 31, 2008. Further additional expenditures may be required for cost overruns and completions of commercially successful wells. We are unable to estimate the amount of additional expenditures GSPC will make as operator attributable to us prior to the start date of initial commercial production under the CIA or when, if ever, any commercial production will commence. Of these expenditures, 50% are for the account of Roy Group (Mauritius) Inc. under the terms of the Participating Interest Agreement between us and Roy Group (Mauritius) Inc. We are not entitled to any share of production from the KG Offshore Block until such time as the expenditures attributed to us, including those expenditures made for the account of Roy Group (Mauritius) Inc., under the CIA, have been recovered by GSPC from future production revenue. Therefore, we are unable to estimate when we may commence to receive distributions from any production of hydrocarbon reserves found on the KG Offshore Block. As provided in the CIA, in addition to repaying our proportionate share of capital costs incurred for which we were carried, we will be required to bear our proportionate share of the expenditures attributable to us after the start date of initial commercial production on the KG Offshore Block.

Certain Terms Of The Production Sharing Contracts May Create Additional Expenses And Risks That Could Adversely Affect Our Revenues And Profitability

The PSCs contain certain terms that may affect the revenues of the joint venture participants to the agreements and create additional risks for us. These terms include, possibly among others, the following:

- The venture participants are required to complete certain minimum work programs during the two or three phases of the terms of the PSCs. In the event the venture participants fail to fulfill any of these minimum work programs, the parties to the venture must pay to the GOI their proportionate share of the amount that would be required to complete the minimum work program. Accordingly, we could be called upon to pay our proportionate share of the estimated costs of any incomplete work programs. At April 13, 2007, we have failed to complete phase one work programs under three of our PSCs within the time periods agreed. We have applied to the GOI for extensions of these allotted time periods and are awaiting the GOI response.

- Until such time as the GOI attains self sufficiency in the production of crude oil and condensate and is able to meet its national demand, the parties to the venture are required to sell in the Indian domestic market their entitlement under the PSCs to crude oil and condensate produced from the exploration blocks. In addition, the Indian domestic market has the first call on natural gas produced from the exploration blocks and the discovery and production of natural gas must be made in the context of the government's policy of utilization of natural gas and take into account the objectives of the government to develop its resources in the most efficient manner and promote conservation measures. Accordingly, this provision could interfere with our ability to realize the maximum price for our share of production of hydrocarbons;

- The parties to each agreement that are not Indian companies, which includes us, are required to negotiate technical assistance agreements with the GOI or its nominee whereby such foreign company can render technical assistance and make available commercially available technical information of a proprietary nature for use in India by the government or its nominee, subject, among other things, to confidentiality restrictions. Although not intended, this could increase each venture's and our cost of operations; and

- The parties to each venture are required to give preference, including the use of tender procedures, to the purchase and use of goods manufactured, produced or supplied in India provided that such goods are available on equal or better terms than imported goods, and to employ Indian subcontractors having the required skills insofar as their services are available on comparable standards and at competitive prices and terms. Although not intended, this could increase the ventures and our cost of operations.

These provisions of the PSCs, possibly among others, may increase our costs of participating in the ventures and thereby affect our profitability. Failure to fully comply with the terms of the PSCs creates additional risks for us.

The Requirements of Section 404 of the Sarbanes-Oxley Act of 2002 Require That We Undertake an Evaluation of Our Internal Controls That May Identify Internal Control Weaknesses.

The Sarbanes-Oxley Act of 2002 imposes new duties on us and our executives, directors, attorneys and independent registered public accounting firm. In order to comply with the Sarbanes-Oxley Act, we are evaluating our internal controls systems to allow management to report on, and our independent auditors to attest to, our internal controls. We have initiated establishing the procedures for performing the system and process evaluation and testing required in an effort to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We anticipate being able to fully implement the requirements relating to reporting on internal controls and all other aspects of Section 404 in a timely fashion. If we are not able to implement the reporting requirements of Section 404 in a timely manner or with adequate compliance, our management and/or our auditors may not be able to render the required certification and/or attestation concerning the effectiveness of the internal controls over financial reporting, we may be subject to investigation and/or sanctions by regulatory authorities, such as the Securities and Exchange Commission or American Stock Exchange, and our reputation may be harmed. Any such action could adversely affect our financial results and the market price of our common stock.

Oil And Gas Prices Fluctuate Widely And Low Oil And Gas Prices Could Adversely Affect Our Financial Results
There is no assurance that there will be any market for oil or gas produced from the exploration blocks in which we hold an interest and our ability to deliver the production from any wells may be constrained by the absence of or limitations on collector systems and pipelines. Future price fluctuations could have a major impact on the future revenues from any oil and gas produced on these exploration blocks and thereby our revenue, and materially affect the return from and the financial viability of any reserves that are claimed. Historically, oil and gas prices and markets have been volatile, and they are likely to continue to be volatile in the future. A significant decrease in oil and gas prices could have a material adverse effect on our cash flow and profitability and would adversely affect our financial condition and the results of our operations. In addition, because world oil prices are quoted in and trade on the basis of U.S. dollars, fluctuations in currency exchange rates that affect world oil prices could also affect our revenues. Prices for oil and gas fluctuate in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond our control, including:

- political conditions and civil unrest in oil producing regions, including the Middle East and elsewhere;
- the domestic and foreign supply of oil and gas;
- quotas imposed by the Organization of Petroleum Exporting Countries upon its members;
- the level of consumer demand;
- weather conditions;
- domestic and foreign government regulations;
- the price and availability of alternative fuels;
- overall economic conditions; and
- international political conditions.

In addition, various factors may adversely affect the ability to market oil and gas production from our exploration blocks, including:

- the capacity and availability of oil and gas gathering systems and pipelines;
- the ability to produce oil and gas in commercial quantities and to enhance and maintain production from existing wells and wells proposed to be drilled;
- the proximity of future hydrocarbon discoveries to oil and gas transmission facilities and processing equipment (as well as the capacity of such facilities);
- the effect of governmental regulation of production and transportation (including regulations relating to prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and condensate and matters associated with the protection of the environment);
- the imposition of trade sanctions or embargoes by other countries;
- the availability and frequency of delivery vessels;

- changes in supply due to drilling by others;
- the availability of drilling rigs and qualified personnel; and
- changes in demand.

Our Ability To Locate And Participate In Additional Exploration Opportunities And To Manage Growth May Be Limited By Reason Of Our Limited History Of Operations And The Limited Size Of Our Staff

While our President and Executive Vice President have had extensive experience in the oil and gas exploration business, we have been engaged in limited activities in the oil and gas business over approximately the past three years and have a limited history of activities upon which you may base your evaluation of our performance. As a result of our brief operating history and limited activities in oil and gas exploration activities, our success to date in entering into ventures to acquire interests in exploration blocks may not be indicative that we will be successful in entering into any further ventures. There can be no assurance that we will be successful in growing our oil and gas exploration and development activities.

Any future significant growth in our oil and gas exploration and development activities will place demands on our executive officers, and any increased scope of our operations will present challenges to us due to our current limited management resources. Our future performance will depend upon our management and its ability to locate and negotiate opportunities to participate in joint venture and other arrangements whereby we can participate in exploration opportunities. There can be no assurance that we will be successful in these efforts. Our inability to locate additional opportunities, to hire additional management and other personnel or to enhance our management systems could have a material adverse effect on our results of operations.

Our Future Performance Depends Upon Our Ability And The Ability Of The Ventures In Which We Participate To Find Or Acquire Oil And Gas Reserves That Are Economically Recoverable

Our success in developing our oil and gas exploration and development activities will be dependent upon establishing, through our participation with others in joint ventures and other similar activities, reserves of oil and gas and maintaining and possibly expanding the levels of those reserves. We and the joint ventures in which we may participate may not be able to locate and thereafter replace reserves from exploration and development activities at acceptable costs. Lower prices of oil and gas may further limit the kinds of reserves that can be developed at an acceptable cost. The business of exploring for, developing or acquiring reserves is capital intensive. We may not be able to make the necessary capital investment to enter into joint ventures or similar arrangements to maintain or expand our oil and gas reserves if capital is unavailable to us and the ventures in which we participate. In addition, exploration and development activities involve numerous risks that may result in dry holes, the failure to produce oil and gas in commercial quantities, the inability to fully produce discovered reserves and the inability to enhance production from existing wells.

We expect that we will continually seek to identify and evaluate joint venture and other exploration opportunities for our participation as a joint venture participant or through some other arrangement. Our ability to enter into additional exploration activities will be dependent to a large extent on our ability to negotiate arrangements with others and with various governments and governmental entities whereby we can be granted a participation in such ventures. There can be no assurance that we will be able to locate and negotiate such arrangements, have sufficient capital to meet the costs involved in entering into such arrangements or that, once entered into, that such exploration activities will be successful. Successful acquisition of exploration opportunities can be expected to require, among other things, accurate assessments of potential recoverable reserves, future oil and gas prices, projected operating costs, potential environmental and other liabilities and other factors. Such assessments are necessarily inexact, and as estimates, their accuracy is inherently uncertain. We cannot assure you that we will successfully consummate any further exploration opportunities or joint venture or other arrangements leading to such opportunities.

Estimating Reserves And Future Net Revenues Involves Uncertainties And Oil And Gas Price Declines May Lead To Impairment Of Oil And Gas Assets

Currently, we do not claim any proved reserves of oil or natural gas. Any reserve information that we may provide in the future will represent estimates based on reports prepared by independent petroleum engineers, as well as internally generated reports. Petroleum engineering is not an exact science. Information relating to proved oil and gas reserves is based upon engineering estimates derived after analysis of information we furnish or furnished by the operator of the property. Estimates of economically recoverable oil and gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and gas prices, future operating costs, severance and excise taxes, capital expenditures and workover and remedial costs, all of which may in fact vary considerably from actual results. Oil and gas prices, which fluctuate over time, may also affect proved reserve estimates. For these reasons, estimates of the economically recoverable quantities of oil and gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Actual production, revenues and expenditures with respect to reserves we may claim will likely vary from estimates, and such variances may be material. Either inaccuracies in estimates of proved undeveloped reserves or the inability to fund development could result in substantially reduced reserves. In addition, the timing of receipt of estimated future net revenues from proved undeveloped reserves will be dependent upon the timing and implementation of drilling and development activities estimated by us for purposes of the reserve report.

Quantities of proved reserves are estimated based on economic conditions in existence in the period of assessment. Lower oil and gas prices may have the impact of shortening the economic lives on certain fields because it becomes uneconomic to produce all recoverable reserves on such fields, thus reducing proved property reserve estimates. If such revisions in the estimated quantities of proved reserves occur, it will have the effect of increasing the rates of depreciation, depletion and amortization on the affected properties, which would decrease earnings or result in losses through higher depreciation, depletion and amortization expense. The revisions may also be sufficient to trigger impairment losses on certain properties that would result in a further non-cash charge to earnings.

Risks Relating To The Market For Our Common Stock

Volatility Of Our Stock Price

The public market for our common stock has been characterized by significant price and volume fluctuations. There can be no assurance that the market price of our common stock will not decline below its current or historic price ranges. The market price may bear no relationship to the prospects, stage of development, existence of oil and gas reserves, revenues, earnings, assets or potential of our company and may not be indicative of our future business performance. The trading price of our common stock could be subject to wide fluctuations. Fluctuations in the price of oil and gas and related international political events can be expected to affect the price of our common stock. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price for many companies which fluctuations have been unrelated to the operating performance of these companies. These market fluctuations, as well as general economic, political and market conditions, may have a material adverse effect on the market price of our company's common stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such companies. Such litigation, if instituted, and irrespective of the outcome of such litigation, could result in substantial costs and a diversion of management's attention and resources and have a material adverse effect on our company's business, results of operations and financial condition.

Item 7. Financial Statements

Our Financial Statements are included in a separate section of this report. See page F-1.

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

No disclosure is required in response to this Item 8.

Item 8A. Controls and Procedures

Under the supervision and with the participation of our management, including Jean Paul Roy, our President and Chief Executive Officer, and Allan J. Kent, our Executive Vice President and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures within 90 days of the filing date of this annual report, and, based on their evaluation, Mr. Roy and Mr. Kent have concluded that these controls and procedures are effective. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including Mr. Roy and Mr. Kent, as appropriate to allow timely decisions regarding required disclosure.

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Item 8B. Other Information

No information is required to be disclosed in response to this Item 8B.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Our Directors and Executive Officers and their ages are as follows:

NAME	AGE	EMPLOYMENT HISTORY
Jean Paul Roy	50	Mr. Roy was elected a Director, President and Chief Executive Officer on August 29, 2003. For more than the past five years, Mr. Roy has been consulting in the oil and gas industry through his private company, GeoGlobal Technologies Inc. which he owns 100%. Mr. Roy has in excess of 20 years of geological and geophysical experience in basins worldwide as he has worked on projects throughout India, North and South America, Europe, the Middle East, the former Soviet Union and South East Asia. His specialties include modern seismic data acquisition and processing techniques, and integrated geological and geophysical data interpretation. Since 1981 he has held geophysical positions with Niko Resources Ltd., Gujarat State Petroleum Corporation, Reliance Industries, Cubacan Exploration Inc., PetroCanada, GEDCO, Eurocan USA and British Petroleum. Mr. Roy graduated from St. Mary’s University of Halifax, Nova Scotia in 1982 with a B.Sc. in Geology and has been certified as a Professional Geophysicist. Mr. Roy is a resident of Guatemala.
Allan J. Kent	53	Mr. Kent was elected a Director, Executive Vice President and Chief Financial Officer of our company on August 29, 2003. Mr. Kent has in excess of 20 years experience in the area of oil and gas exploration finance and has, since 1987, held a number of senior management positions and directorships with Cubacan Exploration Inc., Endeavour Resources Inc. and MacDonald Oil Exploration Ltd., all publicly listed companies. Prior thereto, beginning in 1980, he was a consultant in various capacities to a number of companies in the oil and gas industry. He received his Bachelor of Mathematics degree in 1977 from the University of Waterloo, Ontario.
Brent J. Peters	34	Mr. Peters was elected a Director of our company on February 25, 2002. Mr. Peters has been Vice President of Finance and Treasurer of Northfield Capital Corporation, a publicly traded investment company acquiring shares in public and private corporations since 1997. Mr. Peters has a Bachelor of Business Administration degree, specializing in accounting.
Peter R. Smith	59	Mr. Smith was elected a Director and Chairman of the Board of our company on January 8, 2004. Mr. Smith was elected Vice Chairman of the Board of the Greater Toronto Transportation Authority (GO Transit) in March 2004, and a director of Tarion Warranty Corporation (a Canadian new home warranty company) in April 2004. Since 1989, Mr. Smith has been President and co-owner of Andrin Limited, a large developer/builder of housing in Canada. Mr. Smith has held the position of Chairman of the Board of Directors, Canada Mortgage and Housing Corporation (CMHC), from September 1995 to September 2003. On February 14, 2001, the Governor General of Canada announced the appointment of

Mr. Smith as a Member of the Order of Canada, effective November 15, 2000. Mr. Smith holds a Masters Degree in Political Science (Public Policy) from the State University of New York, and an Honours B.A. History and Political Science, Dean's Honour List, McMaster University, Ontario.

NAME	AGE	EMPLOYMENT HISTORY
Michael J. Hudson	60	Mr. Hudson was elected a Director of our company on May 17, 2004. Mr. Hudson is a retired partner with the accounting firm Grant Thornton LLP. Mr. Hudson was with Grant Thornton for 20 years and with his experience in the oil and gas industry he was responsible for Assurance services and providing advice to private, not-for-profit and public company clients listed on Canadian and US exchanges. Mr. Hudson spent two years in London, England assisting the Institute of Chartered Accountants in England and Wales with the start up of a consulting service to members on best practices for the management of their firms including ethics and governance issues. Upon returning to Canada he went on secondment for 18 months with the Auditor General of Canada to learn and apply the disciplines of "value for money" auditing. He was co-director of the comprehensive (value for money) audit of Statistics Canada reporting in the 1983 Auditor General's Report.
Dr. Avinash Chandra	64	Dr. Chandra was elected a Director of our company on October 1, 2005. Dr. Chandra has over 40 years of experience in the international as well as the Indian oil and gas sector. He was the first Directorate General of Hydrocarbons, at the level of Special Secretary to the Government of India for a period of 10 years until his retirement in 2003. Dr. Chandra received his Ph.D. in petroleum geology from the Imperial College, University of London, United Kingdom. His post graduate work includes a Post Graduate Diploma of Imperial College in Petroleum Geology and Petroleum Reservoir Engineering as well as a M.Sc. (Applied Geology) and B.Sc. (Hons) from the Lucknow University in India.

Mr. Roy, Mr. Kent, Mr. Peters, Mr. Smith, Mr. Hudson and Dr. Chandra have been elected to serve as Directors of our company until our annual meeting of stockholders in 2007 and the election and qualification of their successors.

Our Board of Directors has determined that Messrs. Peters, Smith, Hudson and Dr. Chandra are "independent directors" under the listing standards of the American Stock Exchange. Our Board of Directors had two meetings in person during the year ended December 31, 2006.

Director and Officer Securities Reports

The Federal securities laws require our Directors and executive officers, and persons who own more than ten percent (10%) of a registered class of our equity securities to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of any of our equity securities. Copies of such reports are required to be furnished to us. To our knowledge, based solely on a review of the copies of such reports and other information furnished to us, all persons subject to these reporting requirements filed the required reports on a timely basis with respect to the year ended December 31, 2006.

Audit Committee and Audit Committee Financial Expert

Our Board of Directors had appointed an Audit Committee consisting of Messrs. Hudson, who is the Chairman, Mr. Peters and Dr. Chandra. Our Board of Directors has determined that all three of these individuals are "independent directors" under the listing standards of the American Stock Exchange. Under our Audit Committee Charter, adopted on March 26, 2004, our Audit Committee's responsibilities include, among other responsibilities, the appointment, compensation and oversight of the work performed by our independent auditor, the adoption and assurance of compliance with a pre-approval policy with respect to services provided by the independent auditor, at least annually, obtain and review a report by our independent auditor as to relationships between the independent auditor and our company so as to assure the independence of the independent auditor, review the annual audited and quarterly financial statements with our management and the independent auditor, and discuss with the independent auditor their required disclosure relating to the conduct of the audit.

Our Board of Directors has determined that Mr. Michael J. Hudson has the attributes of an Audit Committee Financial Expert.

Our Audit Committee had five meetings during the year ended December 31, 2006.

Compensation Committee
Our Compensation Committee consists of Mr. Hudson, who is the Chairman, and Mr. Peters**.** Our Compensation Committee, among other things, exercises general responsibility regarding overall employee and executive compensation. Our Compensation Committee sets the annual salary, bonus and other benefits of the President and the Chief Executive Officer and approves compensation for all our other executive officers, consultants and employees after considering the recommendations of our President and Chief Executive Officer**.**

Nominating Committee
Our Nominating Committee consists of Mr. Smith, Mr. Peters and Mr. Hudson. Our Nominating Committee, among other things, exercises general responsibility regarding the identification of individuals qualified to become Board members and recommend that the Board select the director nominees for the next annual meeting of stockholders. Our Board of Directors had determined that Messrs. Smith, Peters and Hudson are "independent directors" under the listing standards of the American Stock Exchange. Our Board of Directors has adopted a charter for the nominating committee.

Code of Ethics
We have adopted a Code of Ethics that applies to our principal executive officer and principal financial and accounting officer. A copy of our Code of Ethics was filed as an exhibit to our Annual Report on Form 10-KSB for the year ended December 31, 2003.

Item 10. Executive Compensation

The following table sets forth the compensation of our principal executive officer and all of our other executive officers for the two fiscal years ended December 31, 2006 who received total compensation exceeding $100,000 for the year ended December 31, 2006 and who served in such capacities at December 31, 2006.

SUMMARY COMPENSATION TABLE
Annual Compensation

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (1)	Non-Equity Incentive Plan Compen-sation ($)	Nonqualified Deferred Compen-Sation Earnings ($)	All Other Compen-sation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Jean Paul Roy,	2006	350,000	-0-	-0-	570,500	Nil	Nil	44,280 (5)	964,780
President & CEO	2005	250,000	60,000	-0-	186,600	Nil	Nil	40,700 (6)	537,300
Allan J. Kent,	2006	185,000	-0-	-0-	570,500	Nil	Nil	Nil	755,500
Exec VP & CFO	2005	120,000	30,000	-0-	186,600	Nil	Nil	Nil	336,600

(1) Represents the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R. See Note 8 to Notes to Financial Statements for the year ended December 31, 2006.
(2) Messrs. Roy and Kent are also Directors of our company; however they receive no additional compensation for serving in those capacities.