

GONDWANA ENERGY LTD / NY
Form 10QSB
May 22, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the Quarterly Period Ended March 31, 2006

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

For the Transition Period From _____ to _____

Commission File Number 0-51203

GONDWANA ENERGY LTD.

(Exact name of registrant as specified in its charter)

Nevada

98-0425310

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(State or other jurisdiction of

(I.R.S. Employer

incorporation or organization)

Identification No.)

Suite 400-534 17th Avenue SW, Calgary Alberta, Canada T2S 0B1

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (403) 770-1991

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by court.

Yes ☐ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date: Common, \$.00001 par value per share: 3,032,189 outstanding as of May 17, 2006.

Transitional Small Business Disclosure Format (check one):

Yes ☐ No ☒

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

GONDWANA ENERGY, LTD.**(An Exploration Stage Company)****BALANCE SHEETS**

	March 31, 2006 (unaudited)	December 31, 2005 (audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 49,763	\$ 51,941
TOTAL ASSETS	\$ 49,763	\$ 51,941
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,600	\$ 7,200
Due to related parties (Note 3)	29,000	17,000
Total Liabilities	32,600	24,200
STOCKHOLDERS' EQUITY		
Authorized: 100,000,000 shares, \$0.00001 par value		
Issued and outstanding: 32,189 shares		
(December 31, 2005: 32,189 shares)	1	1
Additional paid-in capital	172,699	172,699
Subscription funds received (Note 5)	7,500	-
Donated capital		

	16,200	16,200
Deficit accumulated during the exploration stage	(179,237)	(161,159)
TOTAL STOCKHOLDERS' EQUITY	17,163	27,741
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 49,763	\$ 51,941

NOTE 5 - SUBSEQUENT EVENT

See accompanying Notes to the Financial Statements

GONDWANA ENERGY, LTD.**(An Exploration Stage Company)****STATEMENTS OF OPERATIONS, unaudited**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Cumulative From Inception (September 5, 1997) to March 31, 2006
REVENUE	\$ -	\$ -	\$ -
GENERAL AND ADMINISTRATIVE EXPENSES			
Bank charges	82	459	1,988
Consulting	12,000	8,200	54,103
Foreign exchange loss	-	-	6,539
Office and administrative services	1,123	934	30,674
Professional fees	3,768	3,465	31,908
Rent	510	140	4,765
Stock-based compensation	-	-	50,000
Transfer agent and filing fees			

	595	570	12,896
	18,078	13,768	192,873
NET OPERATING LOSS	(18,078)	(13,768)	(192,873)
OTHER INCOME AND (EXPENSES)			
Gain on sale of oil and gas property	-	-	10,745
Interest income	-	44	10,409
Recovery of expenses	-	-	4,982
Write-down of incorporation cost	-	-	(12,500)
NET LOSS	\$ (18,078)	\$ (13,724)	\$ (179,237)
BASIC NET LOSS PER SHARE	\$ (0.56)	\$ (0.35)	
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	32,189	39,056	

See accompanying Notes to the Financial Statements

GONDWANA ENERGY, LTD.**(An Exploration Stage Company)****STATEMENT OF STOCKHOLDERS' EQUITY, unaudited****From December 31, 2005 to March 31, 2006:**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Subscription funds received	Donated Capital	Deficit Accumulated During the Exploration Stage	Total Stockholders' Equity
Balance on December 31, 2005	32,189	\$ 1	\$ 172,699	\$ -	\$ 16,200	\$ (161,159)	\$ 27,741
Subscription funds received				7,500			7,500

Net loss for the period					(18,078)	(18,078)
Balance on March 31, 2006	32,189	\$ 1	\$ 172,699	\$ 7,500	\$ 16,200	\$ (179,237)
					\$	17,163

See accompanying Notes to the Financial Statements

GONDWANA ENERGY, LTD.**(An Exploration Stage Company)****STATEMENTS OF CASH FLOWS, unaudited**

	Three months ended March 31, 2006	Three months ended March 31, 2005	Cumulative From Inception (September 5, 1997) to March 31, 2006
OPERATING ACTIVITIES			
Net (loss)	\$ (18,078)	\$ (13,724)	\$ (179,237)
Items not representing cash outlay:			
Consulting services	-	8,200	16,200
Gain on sale of oil and gas property	-	-	(10,745)
Stock-based compensation	-	-	50,000
Change in non-cash working capital items:			
Increase (decreases) in accounts payable and accrued liabilities	(3,600)	(1,520)	3,600
Increase in amounts due to related parties	12,000	-	29,000
Net cash (used in) operating activities	(9,678)	(7,044)	(91,182)
INVESTING ACTIVITIES			
Proceeds from sale of oil and gas property	-	-	46,200
Oil and gas property acquisition costs	-	-	(2,846)
Oil and gas exploration expenditures			

	-	-	(22,609)
Net Cash provided by investing activities	-	-	20,745

FINANCING ACTIVITIES

Stock buy back	-	(1,000)	(1,000)
Subscription funds received	7,500	-	7,500
Proceeds from issuance of common stock	-	-	113,700
Net Cash provided by (used in) financing activities	7,500	(1,000)	120,200
(Decrease) increase in cash and cash equivalents	(2,178)	(8,044)	49,763
Cash and cash equivalent - beginning of the period	51,941	68,578	-
Cash and cash equivalent - end of the period	\$ 49,763	\$ 60,534	\$ 49,763

SUPPLEMENTAL CASH FLOW INFORMATION

Interest expense	\$ -	\$ -	\$ 1,906
Taxes	\$ -	\$ -	\$ -
Foreign exchange loss	\$ -	\$ -	\$ 6,539

**SUPPLEMENTAL DISCLOSURE OF
NON-CASH INVESTING AND FINANCING**

Purchase of oil and gas property for consideration of 1,000 of the Company's common shares at \$10.00 per share	\$ -	\$ -	\$ 10,000
Issuance of 21,167 common shares for services at \$2.40 per share on April 2, 2004	\$ -	\$ -	\$ 50,000
Donated consulting services	\$ -	\$ 8,200	\$ 16,200

See accompanying Notes to the Financial Statements

GONDWANA ENERGY, LTD.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS, unaudited

MARCH 31, 2006

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Gondwana Energy Ltd. have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB as prescribed by the United States of America Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such instructions. These unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto as at December 31, 2005.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited financial statements have been included and all such adjustments are of a normal recurring nature. Operating results for the three month period ended March 31, 2006 are not necessarily indicative of the results that can be expected for the year ended December 31, 2006.

NOTE 2 - GOING CONCERN

The Company does not generate sufficient cash flow from operations to fund its entire exploration and development activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration and development activities, however there can be no assurance it will be successful in raising the funds necessary to maintain operations, or that a self-supporting level of operations will ever be achieved. The likely outcome of these future events is indeterminable. These factors together raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustment to reflect the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

NOTE 3 - RELATED PARTY BALANCES AND TRANSACTIONS

Two officers of the Company are owed \$29,000 for consulting services (December 31, 2005 - \$17,000). The amounts due do not have any stated terms of interest, repayment or security.

During the three months ended March 31, 2006 two officers provided \$12,000 of consulting services to the Company (2005 - provided \$6,000 of which donated \$6,000), and a former director and officer donated \$ nil of consulting services (2004 - \$2,200).

NOTE 4 - COMMON STOCK

Effective March 9, 2006, the Company completed a one share for one hundred shares reverse stock split. The Company's share transactions disclosed in these financial statements have been restated retroactively to reflect the above reverse stock split.

There are no shares subject to warrants, options or other agreements as at March 31, 2006.

NOTE 5 - SUBSEQUENT EVENT

On April 7, 2006, the Company completed a financing pursuant to its SB-2 Registration Statement, declared effective by the Securities and Exchange Commission on March 23, 2006, and issued 3,000,000 common shares at a price of \$0.05 per share for total proceeds of \$150,000. As of March 31, 2006 the Company had received \$7,500 of

subscription funds on accounts of this financing.

Item 2. Management's Discussion and Analysis or Plan of Operation.

Forward-Looking Statements

This Form 10-QSB includes certain statements that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements in this Form 10-QSB, other than statements of historical facts, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including operating costs, future capital expenditures (including the amount and nature thereof), and other such matters are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions within the bounds of our knowledge of our business, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Because our stock is a penny stock, each time we refer to the Litigation Reform Act, the safe harbor does not apply.

Factors that could cause actual results to differ materially from those in forward-looking statements include: the change of business focus; continued availability of capital and financing; general economic, market or business conditions; acquisition opportunities or lack of opportunities; changes in laws or regulations; risk factors listed from time to time in our reports filed with the Securities and Exchange Commission; and other factors.

Gondwana Energy, Ltd. (Gondwana) is a Calgary, Alberta, Canada based oil and gas exploration stage company with limited operations. Our operational efforts to date have been primarily focused in New Zealand and we intend to submit applications for new exploration permits to the government of New Zealand and acquire oil and gas interests through joint venture agreements with existing permit holders. We are also assessing exploration opportunities in western Canada.

Employees and Consultants

The Registrant has no employees. The company's Chief Executive Officer, Cameron Fink and Chief Financial Officer, Arne Raabe are retained as consultants.

Plan of Operations

Our plan of operations for the next 12 months is to complete our assessment of exploration permits under the current gazettal by the New Zealand Ministry of Economic Development and continue our discussions with third party permit holders and our assessment of the permits controlled and operated by them. Upon completion of our gazettal property assessment we will apply to the Ministry of Economic Development to secure permits for exploration at the second and third quarter 2006 Gazettal and seek to conclude joint venture agreements with existing permit holders. To date we have held preliminary discussions with existing permit holders active in the Taranaki Basin and Canterbury Basin in New Zealand's north and south islands. Additionally, though not the company's primary focus, we have initiated preliminary assessments with permit holders active in Canada's western sedimentary basin. These discussions have centered on the specific requirements of the exploration programs including but not limited to play types, land title security, operating budgets and time commitments. Play type refers to a conceptual model for a hydrocarbon accumulation used by explorationists to develop prospects in a basin, region or trend. To date no formal agreement or understandings have been reached between the parties on any of our discussions. Should we be successful in any of these efforts and secure exploration interests we shall require significant additional capital.

We have experienced losses in each fiscal period reported on. As of March 31, 2006, we had \$17,163 in working capital, consisting of \$49,763 in cash and \$32,600 in debt. Subsequent to the quarter end we completed a working capital financing of \$150,000 pursuant to our SB-2 registration statement declared effective by the Securities and

Exchange Commission in March of this year. We will require significant additional capital should we be successful in securing exploration interests. We rely principally on the issuance of common shares by private placements to raise funds to finance our business. There is no assurance that market conditions will continue to permit us to raise funds when required. If possible we will issue more common shares at prices we determine, possibly resulting in dilution of the value of common shares. We do not expect any significant increases in the number of employees in the near future. In December of 2005, Mr. Arne Raabe was appointed to the board of directors and as our Chief Financial Officer. Since January 2006, we are paying him, from working capital, a monthly fee of two thousand dollars for work related to corporate compliance, accounting review and preparation of financial statements, reviewing and monitoring internal controls, and preparation and review of quarterly and annual filings with the Securities and Exchange commission.

During the past three years we have had limited operations. We have not yet received revenues from operations profitability or break-even cash flow. We currently have no oil or gas properties or any known deposits of oil or gas. Our President has extensive experience in the oil and gas industry with specific industry experience in exploration in New Zealand. We have also initiated an executive search plan with a view to recruiting a new Chief Executive Officer over the coming months and we are presently in discussions with Mr. Fink to extend his involvement with the company for another year. To date he has not signed any employment or consulting agreement with us. Currently, the company is paying him, from working capital, a monthly fee of two thousand dollars for the following work:

Including, but not limited to discussions with and assessment of potential future directors, review seismic, drilling and geological data on properties presently being tendered by the New Zealand Ministry of Economic Development and for properties available through joint venture with existing permit holders both in New Zealand and Canada. These efforts consist of:

1. Data review, including geochemical and petrological review to determine petroleum source potential and reservoir quality of properties presently under tender from the New Zealand government and available through joint venture with existing permit holders.
2. Interpretation and reinterpretation of existing seismic data.
3. If we determine that properties merit further review after this initial examination then we shall determine a proposed budget and work program for submission to the government of New Zealand and existing permit holders on prospective permits deemed suitable.
4. If we are successful and secure exploration interests through either government tender or joint venture we shall incorporate a subsidiary in the country(s) where interests have been secured and hire a resident agent and director as required by law.

If we are successful in securing exploration interests we will be obligated to complete proposed work programs to maintain our interests in good standing. There can be no certainty as to the costs of the future work program; however, we will require additional funds to discharge our exploration obligations whether the interests are acquired through joint venture or through government tender. We do not have sufficient capital to satisfy the potential future expenditures and we will rely principally on the issuance of Common Stock to raise funds to finance the expenditures that we expect to incur should we secure exploration interests. Failure to raise additional funds will result in the failure to meet our obligations and the relinquishment of our interest in any future permit acquired. We have relied principally on the issuance of Common Stock in private placements to raise funds to support our business but there can be no assurance that we will be successful in raising additional funds through the issuance of additional equity.

Off balance-sheet arrangements

We do not have any off balance-sheet arrangements that have or are reasonably likely to have a current or future effect on the small business issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Recent accounting pronouncements

There have been no recent accounting pronouncement since the filing of the Company's FORM 10-KSB, filed on February 10, 2006, that have a material impact on the Company's financial presentation and disclosure.

Item 3. Controls and Procedures.

(a) *Evaluation of Disclosure Controls and Procedures:* Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports the Company files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

(b) *Changes in Internal Control over Financial Reporting:* There were no changes in the Company's internal control over financial reporting identified in connection with the Company evaluation of these controls as of the end of the period covered by this report that could have significantly affected those controls subsequent to the date of the evaluation referred to in the previous paragraph, including any correction action with regard to significant deficiencies and material weakness.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any significant deficiencies or material weaknesses of internal controls that would require corrective action.

PART II -OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

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

During the quarter ended March 31, 2006, one matter was submitted to the Company's security holders. On January 23, 2006 a majority of the shareholders voted and approved a one for one hundred share consolidation. The consolidation was effectuated on March 9, 2006.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No. Exhibit Description

31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the S
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the S
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act o
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act o

(b) Reports on Form 8-K filed during the quarter.

None

SIGNATURES

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

GONDWANA ENERGY LTD.
(Registrant)

Dated: May 17, 2006	BY:	<u>/s/ CAMERON FINK</u> Cameron Fink, Principal Executive Officer
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Dated: May 17, 2006	BY:	<u>/s/ ARNE RAABE</u> Arne Raabe, Principal Financial Officer
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