GOLDSTRIKE INC
Form 10QSB
November 21, 2005

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2005

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

For the transition period from __________ to ____________.

Commission file number 333-111656

GRAN TIERRA ENERGY, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	Applied For
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

10th Floor, 610-8th Avenue S.W.
Calgary, Alberta, Canada T2P 1G5
(Address of principal executive offices)

(403) 537-3218
(Small business issuer's telephone number)

Check whether the small business issuer (1) 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 small business issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes |_| No |X|

As of November 16, 2005, the latest practicable date, 21,816,980 of the issuer's common shares, $.001 par value, were issued and outstanding.

Transitional Small Business Disclosure Format (Check one):

Yes |_| No |X|

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GOLDSTRIKE INC.
(A Nevada Corporation)
(An Exploration Stage Company)
Balance Sheets
(In U.S. Dollars)

ASSETS	September 30, 2005 (Unaudited - Prepared by Management)	December 31, 2004 (Audited)
Cash	$ 1,497,161	$ 7,399
Interest Receivable (Note 9)	60,449	--
Loan Receivable (Note 9)	6,655,198	--

	$ 8,212,808	$ 7,399
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 1,200	$ 630
Loan from related party (Note 7)	35,040	--
	36,240	630
Capital Stock		
Authorized:		
75,000,000 common shares at $0.001 par value		
Issued and fully paid (Note 8)		
23,335,438 common shares		
par value	8,341,216	3,300
additional paid-in capital	28,250	28,250
	8,369,466	31,550
Deficit, accumulated during the exploration stage	(192,898)	(24,781)
	8,176,568	6,769
	$ 8,212,808	$ 7,399

Going Concern: Note 1

The Accompanying Notes are an Integral Part of These Financial Statements

GOLDSTRIKE INC.
(A Nevada Corporation)
(An Exploration Stage Company)
Balance Sheets
(In U.S. Dollars)

	From Date of Inception On June 9, 2003 to September 30, 2005	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Three Mont Ended September 2005
Interest Revenue	$ 60,449	$ 60,449	--	$ 60,449
	$ 60,449	$ 60,449	--	$ 60,449
	$ 8,754	$ --	$ --	$ --

Audit fees	9,261	6,875	600	1,200
Bank charges	1,594	120	1,021	38
Consulting fees	57,675	57,675	--	57,247
Incorporation costs	751	--	--	--
Legal fees	156,066	148,827	--	144,660
Office costs	2,482	1,136	910	1,136
Transfer agent and filing fees	15,806	13,510	1,441	1,962
Loss on foreign exchange	958	423	515	262
	244,593	228,566	4,487	206,505
Total Expenses	253,347	228,566	4,487	206,505
Net (Loss) for the Period	$ (192,898)	$ (168,117)	(4,487)	$ (146,056)
Loss per share Basic and Diluted	$ (0.05)	$ (0.04)	$ 0.00	$ (0.02)
Weighted Average Number of Common Shares Outstanding Basic and Diluted	3,642,654	4,359,343	3,300,000	6,443,485

The Accompanying Notes are an Integral Part of These Financial Statements

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GOLDSTRIKE INC.
(A Nevada Corporation)
(An Exploration Stage Company)
Balance Sheets
(In U.S. Dollars)

	From Date of Inception On June 9, 2003 to September 30, 2005	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004
Retained Earnings (Defecit) beginning of period	$ --	$ (24,781)	$ (19,380)	$ (46,842)	$ (22,856)
Net (Loss) for the Period	(192,898)	(168,117)	(4,487)	(146,056)	(1,011)
Retained Earnings (Deficit) end of period	$ (192,898)	$ (192,898)	$ (23,867)	$ (192,898)	$ (23,867)

The Accompanying Notes are an Integral Part of These Financial Statements

GOLDSTRIKE INC.
(A Nevada Corporation)
(An Exploration Stage Company)
Balance Sheets
(In U.S. Dollars)

	From Date of Inception On June 9, 2003 to September 30, 2005	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
Net earnings (loss) for the period	$ (192,898)	$ (168,117)	$ (4,
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Shares issued for mineral property expenses	50	--	
Changes in operating assets and liabilities, net of effects from acquired companies			
Share subscription receivable	--	--	
Account receivable	(60,449)	(60,449)	(5,
Accounts payable & accrued liabilities	1,200	570	(7,
Net Cash Provided by (Used in) Operating Activities	(252,097)	(227,996)	(16,
Investing Activities	--	--	
Financing Activities			
Capital stock subscribed for cash	8,369,416	8,337,916	
Loan from related party	35,040	35,040	(
Loan to Gran Tierra	(6,655,198)	6,655,198)	(6,655,
Net Cash Provided by (Used in) Financing Activities	1,749,258	1,717,758	(
Cash increase (decrease) During the Period	1,497,161	1,489,762	(16,
	--	7,399	20,
Cash, End of the Period	$ 1,497,161	$ 1,497,161	$ 3,

The Accompanying Notes are an Integral Part of These Financial Statements

GOLDSTRIKE INC.
(A Nevada Corporation)
(An Exploration Stage Company)
NOTES TO FINANCIAL STATEMENTS
September 30, 2005
(In U.S. Dollars)
(Unaudited)

Note 1. ORGANIZATION AND NATURE OF BUSINESS

Goldstrike Inc. (the "Company") was incorporated on June 9, 2003 in the State of Nevada, to pursue opportunities in the field of mineral exploration. June 9, 2003 is also the inception date of the Company.

Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses since inception of $192,898 to September 30, 2005 and has working capital of $8,176,568 as at September 30, 2005. These factors create doubt as to the ability of the Company to continue as a going concern. Realization values may be substantially different from the carrying values as shown in these financial statements should the Company be unable to continue as a going concern. Management is in the process of identifying sources for additional financing to fund the ongoing development of the Company's business. (See Note 8 Subsequent event)

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States ("USGAAP").

Exploration stage company

The Company is an exploration stage company as it does not have an established commercial deposit and is not in the production stage.

Use of estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash

Cash consists of cash on deposit with the Company's bankers.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statement at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB Statement No. 109, Accounting for Income Taxes. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Compensated absences

Employees of the Company are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.

Net profit per share

Goldstrike adopted Statement of Financial Accounting Standards No. 128 ("FASB 128") that requires the reporting of both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income available to common shareowners by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contacts to issue common stock were exercised or converted into common stock. In accordance with FASB 128, any anti-dilutive effects on net loss per share are excluded.

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GOLDSTRIKE INC.
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Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Disclosure about fair value of financial instruments

Goldstrike has financial instruments, none of which are held for trading purposes. Goldstrike estimates that the fair value of all financial instruments at September 30, 2005, as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Concentration of credit risk

Financial instruments that potentially subject Goldstrike to a significant concentration of credit risk consists primarily of cash which is not collateralized. Goldstrike limits its exposure to credit loss by placing its cash with high credit quality financial institutions.

Other Comprehensive Income

There is no other comprehensive income to September 30, 2005.

Foreign currency translation

The accounts of Goldstrike are translated into US Dollars on the following basis:

- Monetary assets and liabilities are translated at the current rate of exchange.
- The weighted average exchange rate for the period is used to translate revenue, expenses, and gains or losses from the functional currency to the reporting currency.
- Gains or losses on re-measurement are recognized in current net income.
- Gains or losses from foreign currency transactions are recognized in current net income.
- Fixed assets are measured at historical exchange rates that existed at the time of the transaction.
- Depreciation is measured at historical exchange rates that existed at the time the underlying related asset was acquired.
- There are no cumulative currency translation adjustments to September 30, 2005.

GOLDSTRIKE INC.
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Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Stock-based Compensation

In December 2002, the Financial Accounting Standards Board issued Financial Accounting Standard No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" ("SFAS No. 148"), an amendment of Financial Accounting Standard No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"). The purpose of SFAS No. 148 is to: (1) provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation, (2) amend the disclosure provisions to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation, and (3) to require disclosure of those effects in financial information.

The Company has elected to continue to account for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", ("APB No. 25") and comply with the disclosure provisions of SFAS No. 123 as amended by SFAS No. 148 as described above. In addition, in accordance with SFAS No. 123 the Company applies the fair value method using the Black-Scholes option-pricing model in accounting for options granted to consultants. Under APB No. 25, compensation expense for employees is recognized based on the difference, if any, on the date of grant between the estimated fair value of the Company's stock and the amount an employee must pay to acquire the stock. Compensation expense is recognized immediately for past services and pro-rata for future services over the option-vesting period. To September 30, 2005 the Company has not granted any stock options.

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with SFAS No. 123 and the conclusions reached by the Emerging Issues Task Force in Issue No. 96-18. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services as defined by EITF 96-18.

The Company has also adopted the provisions of the Financial Accounting Standards Board Interpretation No.44, Accounting for Certain Transactions Involving Stock Compensation - An Interpretation of APB Opinion No. 25 ("FIN 44"), which provides guidance as to certain applications of APB 25.

No disclosures relating to stock based compensation have been included with the accompanying financial statements, as no stock options have been granted to directors and employees.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

General and Administration Expenses

General and administration expenses are recorded on an accrual basis as incurred.

Mineral property acquisition costs and deferred exploration expenditures

a) Mineral property acquisition costs are capitalized in accordance with FAS-141 subject, however to impairment pursuant to FAS-144.

Exploration costs and mine development costs to be incurred, including those to be incurred in advance of commercial production and those incurred to expand capacity of proposed mines, are expensed as incurred while Goldstrike is in the exploration stage. Mine development costs to be incurred to maintain production will be expensed as incurred. Depletion and amortization expense related to capitalized mineral properties, exploration costs and mine development costs will be computed using the units-of-production method based on proved and probable reserves.

b) FAS-141 states that the total carrying amount of mineral rights should be reported as a separate component of property, plant, and equipment on the face of the financial statements or in the notes to the financial statements. Impairment is defined in FAS-144 as the condition that exists when the carrying amount of a long-lived asset exceeds its fair value. An impairment loss is recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The Company reviews the carrying value of the mineral property for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

c) Where properties are disposed of, the sales proceeds are, firstly, applied as a recovery of mineral property acquisition costs, and secondly, as a gain or loss recorded in current operations.

Note 3. MINERAL PROPERTIES

On June 30, 2003, Goldstrike signed a Mineral Property Sale Agreement with Joseph Eugene Leopold Lindinger ("Eugene"), whereby Goldstrike acquired a 100% undivided interest in the BIZ Properties (BIZ1, BIZ2, BIZ6 and BIZ7 (Tenure Number 366276, 369518, 369719 and 370056)), located in the Kamloops Mining Division, in the Province of British Columbia, Canada, and Goldstrike agreed to the following terms and conditions:

a) Pay to Eugene $3,584 and issue to Eugene 50,000 common shares (issued) at the price of $0.001 per share for $50 on execution of the agreement, for a total of $3,634.

b) Within the 120 day period after the effective date of June 30, 2003, pay $2,514 to Eugene to complete an assessable exploration work program of sufficient value in order to maintain the property for at lease one year past the current claim expiry date. Within 90 days of the current claim expiry date of November 1, 2003, pay an additional $2,286 for the remainder of the completed work program and a completed assessment report.

c) Pay all applicable claim maintenance recording fees as part of the property maintenance requirements.

d) Pay expenses related to this property, including the abovementioned expenses, total $8,754 from date of inception.

Note 4. INCOME TAXES

There is a loss of $192,898 carried forward that may be applied towards future profits.

The Company does not have any income tax liabilities during the current year and, accordingly, no income taxes are recorded. The potential income tax benefits associated with losses incurred by the Company have not been recorded in the accounts as future taxation as they are offset by valuation reserves due to uncertainty of utilization of tax losses.

The income tax effect of temporary differences comprising the deferred tax assets and deferred tax liabilities on the accompanying consolidated balance sheets is a result of the following:

	September 30, 2005	September 30, 2004
Deferred tax assets	$ 65,585	$ 8,115
Valuation allowance	(65,585)	(8,115)
Net deferred tax assets	$ --	$-

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(In U.S. Dollars)
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Note 4. INCOME TAXES (Cont'd)

A reconciliation between the statutory federal income tax rate and the effective income rate of income tax expense is as follows:

	September 30, 2005	September 30, 2004
Statutory federal income tax rate	-34.0%	-34.0%
Valuation allowance	34.0%	34.0%
Effective income tax rate	0.0%	0.0%

Note 5. FINANCIAL INSTRUMENTS

Goldstrike's financial instruments consist of cash and accounts payable and accrued liabilities and loan from related party. It is management's opinion that Goldstrike is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial statements approximates their carrying values.

Note 6. PENSION AND EMPLOYMENT LIABILITIES

Goldstrike does not have liabilities as at September 30, 2005, for pension, post-employment benefits or post-retirement benefits. Goldstrike does not have a pension plan.

Note 7. RELATED PARTY TRANSACTIONS

During the current quarter ended September 30, 2005, a loan of $35,040 was received from a related party who is a Director and Officer of the Company. This loan bears no interest, is unsecured, and has no specific terms of repayment.

Note 8 SHARE ISSUANCE

During the period, the Company entered into discussions with Gran Tierra Energy, Inc ("Gran Tierra") regarding the possibility of a business combination involving the two companies (see Note 10). Gran Tierra is a private international oil and gas exploration and production company, incorporated in Alberta, Canada. To facilitate the discussions, the Company determined to provide financing to Gran Tierra to enable Gran Tierra to consummate certain property acquisitions in Argentina for a purchase price of approximately $7,000,000 (the "Argentine Acquisition"). The Company derived the funds necessary to provide this financing from the proceeds of the initial closing of a private offering of its securities.

As of September 30, 2005, a total of 10,422,395 units ("Units") were sold in connection with the private offering at the purchase price of $0.80 per Unit. The Units consisted of one share of the common stock of the Company and one warrant to purchase one-half of one share of common stock of the Company at an exercise price of $0.625 per one-half share. Proceeds from the offering totaled $8,337,916.

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GOLDSTRIKE INC.
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(Unaudited)

Note 8 SHARE ISSUANCE (Cont'd)

On August 30, 2005, the Company's Board of Directors approved a stock dividend for the purpose of affecting a 3.91304347826 for 1 stock split of the issued shares of common stock of the Company, resulting in the issuance of 9,613,043 shares. The record date and payment date on the dividend was August 31, 2005.

Note 9 LOAN AND INTEREST RECEIVABLE

The Company's financing of the Argentine Acquisition was evidenced by a loan agreement (the "Bridge Loan Agreement"), dated as of September 1, 2005, pursuant to which the Company agreed to make loans to Gran Tierra in an amount up to the proceeds received in the private placement offering of Units (the "Loan Commitment"). At September 30, 2005, the amount of the Loan Commitment was $8,337,916. On the execution and delivery of the Loan Agreement, Gran Tierra borrowed $6,665,198.30 under the Bridge Loan Agreement. The note evidencing the loans made to Gran Tierra bears interest at a rate of 9% per annum on the amount of the Loan Commitment and is payable monthly. At September 30, 2005, this interest amount is accrued.

Note 10. SUBSEQUENT EVENTS

With reference to Note 8, there was an additional closing of the private placement offering of Units on October 7, 2005 and an additional private offering of Units which closed on October 28, 2005, the proceeds of which were used to provide additional working capital to Gran Tierra.

With reference to Note 9, effective as of the date of the additional closing of the private placement offering, the Loan Commitment was increased from $8,337,916 to $9,313,492, and Grand Tierra borrowed an additional $800,000 under the Bridge Loan Agreement. Effective as of the date of the additional closing of the private placement offering, the Loan Commitment was increased from $9,313,492 to $10,313,492, and Grand Tierra borrowed an additional $700,000 under the Bridge Loan Agreement.

On November 10, 2005, pursuant to a share purchase agreement among the Company, Gran Tierra and holders of shares of capital stock in Gran Tierra, and an assignment agreement between the Company and Goldstrike Exchange Co. ("Exchangco"), a Canadian corporation indirectly-owned by the Company, the Company acquired 96.03% of the outstanding shares of capital stock in Gran Tierra in exchange for which, each Gran Tierra stockholder, at their election, received either 1.5873016 shares of common stock of Goldstrike or 1.5873016 shares of exchangeable stock of Goldstrike Exchange Co, and the Company changed its name to Gran Tierra Energy Inc. (the "Share Exchange"). Exchangeco intends to carry out a compulsory acquisition transaction in accordance with the Business Corporations Act to acquire the Gran Tierra shares not already acquired as the result of the share purchase. After completion of such transaction, Gran Tierra will become a indirectly-owned subsidiary of the Company.

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Note 10. SUBSEQUENT EVENTS (Cont'd)

In conjunction with the closing of the Share Exchange, 2,347,827 shares of common stock of the Company previously owned by Dr. Ken Cai were retired.

Simultaneous with the consummation of the Share Exchange, the Company, Gran Tierra, Goldstrike Callco, a corporation incorporated under the laws of Alberta Canada ("Callco") and Olympia Trust Company, a Canadian corporation (the "Trustee") executed a voting exchange and support agreement to make provision for and establish a procedure whereby voting rights in the Company will be exercisable by the Trustee for the benefit of the holders of exchangeable shares. The Company issued to the Trustee, for the benefit of the beneficiaries, one share of special voting stock, at $.001 par value and Callco granted to the Trustee the right, under certain circumstances, to require Callco to purchase the exchangeable shares.

Immediately prior to the Share Exchange, the Company transferred to Goldstrike Leasco Inc., a newly-formed Nevada corporation wholly owned by the Company ("Leaseco") all of the Company's rights and interests in the Mineral Property Sale Agreement previously entered into by the Company. The Mineral Property Sale Agreement was filed by the Company with the Securities and Exchange Commission on March 24, 2005.

Simultaneous with the closing of the Share Exchange, upon the terms and conditions of a split-off agreement (the "Split-off Agreement") among the Company, Leasco, Dr. Yenyou Zheng (the "Split-off Purchaser") and Gran Tierra, the Company sold all the issued and outstanding shares of capital stock of Leasco to the Split-off Purchaser in exchange for all of the shares of common stock owned by the Split-off Purchaser and the assumption by the Split-off Purchaser of all responsibilities for any debts, obligations and liabilities of Leasco.

In connection with the consummation of the Share Exchange, the address of our principal executive offices was changed to 10th Floor, 610-8th Avenue S.W., Calgary, Alberta, Canada T2P 1G5 and the telephone number of our executive offices was changed to (403) 537-3218.

With reference to Note 8 and Note 9 and in connection with the consummation of the Share Exchange, the bridge loan and accrued interest amounts were forgiven.

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Item 2: Plan of Operation

Forward Looking Statements

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. This Quarterly Report includes statements regarding our plans, goals, strategies, intent, beliefs or current expectations. These statements are expressed in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished. These forward looking statements can be identified by the use of terms and phrases such as "believe," "plan," "intend," "anticipate," "target," "estimate," "expect," and the like, and/or future-tense or conditional constructions ("will," "may," "could," "should," etc.). Items contemplating or making assumptions about, actual or potential future sales, market size, collaborations, and trends or operating results also constitute such forward-looking statements.

Although forward-looking statements in this Quarterly Report reflect the good faith judgment of management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in the our reports filed with the Securities and Exchange Commission which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. This discussion should be read in conjunction with the consolidated financial statements including the related footnotes. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

We were incorporated in the State of Nevada on June 9, 2003 under the name Goldstrike, Inc. to pursue opportunities in the field of mineral exploration. On June 30, 2003, pursuant to a Mineral Property Sale Agreement, we acquired a 100% undivided mineral interest in properties located in the Province of British Columbia, Canada (the "Goldstrike Property").

In July 2005, we retained P & L Geological Services ("P&L") to conduct the first phase of exploration on the Goldstrike Property. On its review and sampling, P&L indicated that the Goldstrike Property did not host readily available areas of significant mineralization for follow-up exploration. Based on P&L's report, Goldstrike decided not to conduct any further exploration on these mineral claims and began to review other potential resource and non-resource assets for acquisition.

On November 10, 2005, pursuant to a share purchase agreement among the Company, Gran Tierra Energy Inc., an Alberta corporation ("Gran Tierra Alberta") and holders of shares of capital stock in Gran Tierra Alberta and an assignment agreement between the Company and Goldstrike Exchange Co, a Canadian corporation indirectly-owned by the Company ("Exchangeco"), Exchangeco acquired 96.03% of the outstanding shares of capital stock in Gran Tierra Alberta ("Gran Tierra Shares") in exchange for which each stockholder of Gran Tierra Alberta, at their election, received either 1.5873016 shares of common stock of the Company ("Common Stock") or 1.5873016 shares of exchangeable stock of Exchangeco ("Exchangeable Shares"); and the Company changed its name from Goldstrike, Inc. to Gran Tierra Energy Inc. (referred to hereinafter as the "Company" or "Gran Tierra") (the "Share Purchase"). Exchangeco intends to carry out a compulsory acquisition transaction in accordance with the Business Corporations Act (Alberta) to acquire the Gran Tierra Shares not already acquired as the result of the Share Purchase. After completion of such transaction, Gran Tierra Alberta will become an indirectly-owned subsidiary of the Company.

Gran Tierra Alberta is a private international oil and gas exploration and production company, incorporated in Canada in January 2005 that commenced business activity in May 2005 with capital obtained through its initial financing of approximately $1.8 million. Gran Tierra Alberta was founded to capitalize on the experience of its management team, to access exploration and development opportunities and leverage strategic relationships to build a diverse international oil and gas company, initially focusing on business opportunities in South America with the intent to expand its activities in the future into North Africa, the Middle East and Southeast Asia.

On September 1, 2005, Gran Tierra Alberta acquired certain interests in producing and non-producing properties in Argentina consisting of a 14% participation in several producing oil fields governed by a single joint venture, and a 50% interest in two additional properties.

On August 31, 2005 the Company's president, C.E.O and a director, Dr. Ken Cai, resigned from these positions. Dr. Jeff Yenyou Zheng was appointed president and C.E.O. On September 1, 2005, Greg Yanke was appointed as a director. On November 2, 2005, Dr. Yenyou Zheng, resigned from his positions. On November 2, 2005, we appointed Greg Yanke as our president, chief executive officer, secretary and treasurer. The current members of the Board of Directors and management team assumed their positions concurrent with the Share Purchase consummated on November 10, 2005.

Capital expenditures for the Palmar Largo joint venture, the most significant property acquired in Argentina, have been unusually high in 2005 due principally to the drilling of two wells, contributing to a capital budget of approximately $20.8 million for the year ($2.9 million for a 14% share). Gran Tierra's share of expenditures to December 31, 2005 is expected to be approximately $2.2 million and is being funded partly from cash flow and partly from available cash. Following the completion of the second well expected in December 2005, cash flow surpluses are expected to return. Plans for the Palmar Largo joint venture for 2006 include a modest expenditure budget, with no additional drilling. The preliminary capital budget for 2006 is $1.2 million to Gran Tierra.

Gran Tierra Alberta completed its initial equity financing to acquire funds for general and administrative expenses incurred as it assessed opportunities and identified an appropriate first acquisition. We completed a private placement offering via Goldstrike, the proceeds of which were used to fund the Argentine acquisition and provide additional working capital. Operating cash flow generated by the Argentina properties will allow Gran Tierra to expand its activities and capabilities by hiring additional staff.

We plan on continuing to assess opportunities and identify appropriate acquisitions. Current acquisition targets include "tuck-in" opportunities in Argentina as well as acquisitions which will provide us with new country entries. Identification and successful completion of such acquisitions will provide additional cash flow which will allow us to expand our activities and capabilities, assume a role as an operator and advance exploration and development opportunities.

We expect an increase in general and administrative expenditures to approximately $200,000 per month, equivalent to expected operating cash flow. We have expanded our staff in Calgary from three to six employees with additions in the areas of geoscience, accounting and administration, and are targeting one or two additional hires. We are establishing an office in Buenos Aires, Argentina and our Vice President of Latin America is re-locating from Quito, Ecuador. Our staff complement in Buenos Aires is expected to increase to three before year-end, with an operational focus. We are targeting two additional hires in Buenos Aires early in 2006.

We expect our net cash position to stabilize in January 2006 (following the drilling of the Palmar Largo well). A portion of Gran Tierra's current cash balance will cover the projected cash deficit to that time.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within the required time periods.

Our former chief executive officer and principal accounting officer, Dr. Yenyou Zheng, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report.

Based upon his evaluation of our controls, Dr. Yenyou Zheng has concluded that, as of that date, our disclosure controls and procedures were effective at ensuring that required information will be disclosed on a timely basis in our reports filed under the Exchange Act.

(b) Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

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

None

Item 3. Defaults on Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits

The following exhibits are filed with or incorporated as part of this report as required by Item 601 of Regulation S-B:

Exhibit No.	Description	Incorporated by Reference to Fi
3.1	Articles of Incorporation	Exhibit 3.1 to Company's Annual 10-KSB filed on March 24, 2005
3.2	Certificate Amending Articles of Incorporation	Exhibit 3.2 to Company's Annual 10-KSB filed on March 24, 2005
3.3	Bylaws	Exhibit 3.3 to Company's Annual 10-KSB filed on March 24, 2005
3.4	Certificate Amending Articles of Incorporation	Exhibit 3.4 to Company's Curren 8-K filed on November 10, 2005
4.1	2005 Equity Incentive Plan	Exhibit 10.11 to Company's Curr Form 8-K filed on November 10,
10.1	Share Purchase Agreement	Exhibit 10.1 to Company's Curre 8-K filed on November 10, 2005
10.2	Assignment Agreement	Exhibit 10.2 to Company's Curre 8-K filed on November 10, 2005
10.3	Voting Exchange and Support Agreement	Exhibit 10.3 to Company's Curre 8-K filed on November 10, 2005
10.4	Split Off Agreement	Exhibit 10.4 to Company's Curre 8-K filed on November 10, 2005
10.5	Employment Agreement between the Company and Dana Coffield	Exhibit 10.5 to Company's Curre 8-K filed on November 10, 2005
10.6	Employment Agreement between the Company and James Hart	Exhibit 10.6 to Company's Curre 8-K filed on November 10, 2005
10.7	Employment Agreement between the Company and Max Wei	Exhibit 10.7 to Company's Curre 8-K filed on November 10, 2005
10.8	Employment Agreement between the Company and Rafael Orunesu	Exhibit 10.8 to Company's Curre 8-K filed on November 10, 2005
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*	
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer*	
32	Section 1350 Certifications*	

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* filed herewith

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned, thereby duly authorized on November 21, 2005.

GRAN TIERRA ENERGY, INC.

/s/ Dana Coffield

By: Dana Coffield
Its: Chief Executive Officer

/s/ James Hart

By: James Hart
Its: Chief Financial Officer

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