



Global
Energy Development PLC

Identifying and Realising Potential

Global Energy Development PLC
Interim Report 2006

Company Overview

- Global Energy Development PLC (“Global” or the “Company”) is a petroleum exploration and production company focused on Latin America, an area where the management team have pursued a long-term strategy of finding and developing reserves.
- Global’s shares have been traded on AIM, a market operated by the London Stock Exchange, since March 2002 (LSE-AIM: “GED”).
- The Company held, as at 11 September 2006, in excess of 5.2 million acres through nine contracts in Colombia and Peru, an exclusive Technical Evaluation Agreement (“TEA”) in Colombia and a concluded exclusive TEA in Panama.
- The portfolio comprises a base of production, developmental drilling and workover opportunities and several high-potential exploration projects.

Company Strategy

- Continue building on the prospect-rich portfolio focused on Latin America through securing new contracts and TEAs.
- Utilise the cash flow from the current base of production to pursue and fund exploration projects.

Reserves & Resources

- Ryder Scott Company, LP (“Ryder Scott”), the Company’s independent petroleum consultants, reported that as at 31 December 2005, proved plus probable reserves (“2P reserves”) net to Global totalled 17.5 million barrels of oil and proved plus probable plus possible reserves (“3P reserves”) net to Global totalled 67.5 million barrels of oil.
- Ryder Scott reported that as at 1 July 2006 the total risked, most likely case recoverable barrels of gross resources for the Company’s exploration properties was 218.6 million barrels of oil equivalent.

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Interim Results for the six months ended 30 June 2006

Highlights:

- Revenues for the six months ended 30 June 2006 of \$9,006,000 (six months ended 30 June 2005: \$9,103,000);
- Gross profit of \$4,667,000 (six months ended 30 June 2005: \$4,997,000);
- Administration expenses significantly increased at \$2,658,000 (six months ended June 2005: \$1,859,000) due in part to much expanded operations warranting an enlarged organisational team;
- Net cash inflow from operating activities totalling \$5,688,000 (six months ended 30 June 2005: outflow of \$220,000) enabled through prevailing high oil prices;
- Average cash netback per barrel of oil of \$37.41 (six months ended 30 June 2005: \$27.26);
- Capital expenditure, funded out of cash flow from production and cash available, of \$10,261,000 (six months ended 30 June 2005: \$6,361,000);
- Capital expenditure of approximately \$20,000,000 anticipated for the whole of 2006;
- Commencement of active drilling programme with seven new wells to be drilled or spudded between now and first half of 2007; and
- Additional seismic acquisition and new contracts anticipated in the short term.

Commenting, Mikel Faulkner, Executive Chairman, said:

"We have done much to add key personnel over the last few months to reflect our expanded operations and this combined with the Company's independently audited high potential exploration projects, anticipated new contracts and escalating production volumes predicted for the short-term though an active drilling programme, leaves us optimistic for the future."

11 September 2006

Chairman and Managing Director's statement

Financials

Revenues for the six months ended 30 June 2006 totalled \$9,006,000 (six months ended 30 June 2005: \$9,103,000) with gross profit for the period of \$4,667,000 (six months ended 30 June 2005: \$4,997,000). Administration expenses rose significantly to \$2,658,000 (six months ended 30 June 2005: \$1,859,000) due in part to the full-time employee headcount having risen from 13 as at 30 June 2005 to 22 as at 30 June 2006. This reflects the much expanded Company operations warranting an enlarged organisational team. As a consequence profit before tax for the six months ended 30 June 2006 was \$2,148,000 (six months ended 30 June 2005: \$3,138,000).

Net cash flow from operating activities for the six months ended 30 June 2006 totalled \$5,688,000 (six months ended 30 June 2005: (\$220,000)), enabled through prevailing high oil prices during the period. The Company averaged a cash netback per barrel of oil of \$37.41 for the six months ended 30 June 2006 (six months ended 30 June 2005: \$27.26). Capital expenditure for the six months ended 30 June 2006, funded out of cash flow from production and cash available, was \$10,261,000 (six months ended 30 June 2005: \$6,361,000). This is approximately half of the \$20 million anticipated for the whole of 2006, again predicted to be funded out of cash flow from production and cash available.

Operations

The Company currently holds in excess of 5.2 million acres through nine contracts in Colombia and Peru, an exclusive Technical Evaluation Agreement ("TEA") in Colombia and a concluded exclusive TEA in Panama. This portfolio comprises a base of production, developmental drilling and workover opportunities and several newer high-potential exploration projects. The current base of production enables the Company to pursue and fund exploration projects. The recently announced results of the Company's Exploration Potential Resources study prepared by the petroleum consultants Ryder Scott Company, LP ("Ryder Scott") independently validates the scope of the Company's current exploration projects. Given the exploration status of the properties included within the study there is substantial risk associated with these projects. As such the total risked, most likely case recoverable barrels of gross resources was 218.6 million barrels of oil equivalent ("boe").

The Company currently owns 100% of all its contracts and royalties payable average 12.5% across the portfolio allowing the Company to retain approximately 87.5% of gross production. Gross production for the six months ended 30 June 2006 was 197,960 barrels of oil ("bbls"), with production net to Global of 171,444 bbls (six months ended 30 June 2005: 233,119 bbls). All of this production was from legacy assets as no new wells were placed on to production during the period due to the 2006 drilling programme being second half weighted. The reduction in production between the two six month periods was principally due to the loss of two wells through mechanical failure in the second half of 2005 which subsequently did not contribute to production in the first half of 2006. The two wells were existing wells located on the Colombian Rio Verde contract which the Company recompleted and brought on to production in December 2004 and January 2005. They are not expected to contribute to future production.

Nevertheless, the Company has had a successful start to its 2006 drilling programme with the first well, Tilodiran 2 on the Colombian Rio Verde contract, being successfully placed on continuous production at the end of July 2006. This well has since produced in line with the Company's expectations, averaging 624 barrels of oil per day ("bopd") since that time and currently producing at 760 bopd at approximately 90% of the maximum possible pump speed. As a consequence, production, net to Global, has risen from an average of 947 bopd for the six months ended 30 June 2006 to approximately 1,440 bopd to date.

The Company expects to see daily production volumes continue to escalate in the short-term through an active drilling programme. Between now and the end of the first half of 2007 the Company anticipates drilling or spudding seven new wells, working over an existing well on the Colombian Alcaravan contract and commencing a new hydraulic fracturing project on the Colombian Bolivar contract.

A rig has been secured for the drilling of five delineation wells in the Primavera field located within the Colombian Luna Llena contract. These wells are quick and cheap to drill with the first of these wells expected to begin contributing to production in December 2006, subject to weather conditions.

All five wells are expected to be placed on continuous production during the first half of 2007. The management team have a high confidence level for these wells which are each estimated to initially produce a few hundred barrels of oil per day.

Due to the success of the Tilodiran 2 well, the Company is focusing in the short-term on the Colombian Rio Verde and adjoined Los Sauces contracts. The first well on the Los Sauces contract, Los Sauces 1, should be spudded and completed during the first quarter of 2007 with the same rig being used to then spud the Tilodiran 3 well during the first quarter of 2007. The Tilodiran 3 well is considered to form part of the Tilodiran field while the Los Sauces 1 well is part of separate fault structure on trend with the Tilodiran field. Both wells should therefore be analogous to the successful Tilodiran 2 well with similar daily production volumes from the same target formations of the Gacheta, Ubaque and Mirador. The Company anticipates drilling these wells to a final depth of 13,000 feet with an estimated drilling and completion time per well of 75 days.

Near to medium-term seismic plans include the acquisition of 50 kms of 2D seismic on the Los Sauces contract, preceding the drilling of the Los Sauces 1 well, and up to 90 kms of 2D seismic on the Luna Llena contract following the initial five well Primavera delineation drilling program. At the Peruvian Block 95 contract, the Company is seeking environmental permits for the acquisition of 2D seismic and anticipates receiving permit approval in the near future. The Company expects to commence a pressure pulse test by mid September 2006 of its Cajaro 1 and Los Hatos 1 wells within the adjoined Colombian Alcaravan and Los Hatos contracts respectively for purposes of determining their hydraulic connectivity. This is being done in relation to pending unitization and the information collected will be used, together with previously obtained seismic and well log information, to determine the oil production drainage pattern existing between the two wells and ultimately the appropriate ownership allocation of the oil being produced between Global and Ecopetrol, the state owned Colombian oil company. The management are confident that the outcome of this process will be favourable.

The Company expects to supplement further its portfolio of contracts over the next few months and is actively working on signing the pending contract in Panama, which continues to be negotiated with outstanding legal issues, and securing new contracts in Colombia and Peru. The management team remains completely committed to pursuing opportunities in these three countries that offer, in the management's opinion, some of the most favourable contract terms in the world with improving security and continued political stability.

The industry continues to be characterised by equipment and personnel shortages which cause ongoing delays and escalating costs. Evidence of this was the unanticipated one month delay in placing the Tilodiran 2 well on to continuous production caused by receiving workover rig equipment late. This well was originally expected to begin contributing to production from end of June 2006/early July 2006. Solely as a consequence of this delay, the Company feels it is prudent to edge down its production estimate for the year ended 31 December 2006 from 500,000 bbls net to Global to approximately 470,000 bbls, equivalent to approximately 537,000 bbls gross. Nevertheless, this reflects almost no contribution from the short-term drilling programme and the Company has done much to add key personnel, recently appointing a director of Exploitation to oversee drilling and production operations. This combined with the Company's independently audited high potential exploration projects, anticipated new contracts and escalating production volumes predicted for the short-term though an active drilling programme, leaves the Company optimistic for the future.



Mikel Faulkner
Executive Chairman



Stephen Voss
Managing Director

11 September 2006

Unaudited financial highlights

For the six months ended 30 June 2006

	Six months ending 30 June 2006 \$000	Six months ending 30 June 2005 \$000	Twelve months ending 31 December 2005 \$000
Turnover	9,006	9,103	19,045
Earnings per share	0.05	0.10	0.14
Expenditures on capital assets	10,261	6,361	14,597
Net current assets	3,680	5,967	10,588
Capital and reserves	73,118	68,365	71,453
Common shares outstanding			
– End of period	35,328,428	34,965,047	35,235,430

Figures in thousands except for per share information.

Reserve information – UK GAAP basis as of 31 December 2005⁽¹⁾

	Quantity (bbls) thousands	Future net revenue \$000	NPV at 10% \$000
Proved	5,034	173,294	117,855
Probable	12,440	448,171	283,341
Total	17,474	621,465	401,196

Note (1):

The reserve information for Global Energy Development PLC has been certified by a third-party firm, Ryder Scott Company, LP, at 31 December 2005.

Independent review report to Global Energy Development PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2006 on pages 6 to 11. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (United Kingdom and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

BDO Stoy Hayward LLP

Chartered Accountants
London

11 September 2006

Unaudited consolidated profit and loss account

For the six months ended 30 June 2006

	Unaudited six months ending 30 June 2006 \$000	Unaudited six months ending 30 June 2005 \$000	Audited twelve months ending 31 December 2005 \$000
Turnover	9,006	9,103	19,045
Cost of sales	(4,339)	(4,106)	(9,755)
Gross profit	4,667	4,997	9,290
Administration expenses	(2,658)	(1,859)	(4,364)
Other income	247	18	176
Operating profit	2,256	3,156	5,102
Net interest payable	(108)	(18)	(18)
Profit on ordinary activities before taxation	2,148	3,138	5,084
Tax charge on profit for the financial period	(483)	(341)	(715)
Profit on ordinary activities after taxation and transfer to reserves	1,665	2,797	4,369
Earnings per ordinary share			
– Basic	\$ 0.05	\$ 0.10	\$ 0.14
– Diluted	\$ 0.05	\$ 0.09	\$ 0.13

Note:

All amounts relate to continuing operations.

All recognised gains and losses are included in the profit and loss account.

Unaudited consolidated balance sheet

As at 30 June 2006

	Unaudited 30 June 2006 \$000	Unaudited 30 June 2005 \$000	Audited 31 December 2005 \$000
Fixed assets			
Intangible assets	2,414	1,494	2,049
Tangible assets	78,106	61,433	69,873
	80,520	62,927	71,922
Current assets			
Stocks	462	448	451
Debtors and prepayments	3,538	5,447	5,697
Cash	2,180	2,621	7,664
Restricted funds	868	548	548
	7,048	9,064	14,360
Creditors: amounts falling due within one year	(3,368)	(3,097)	(3,772)
Net current assets	3,680	5,967	10,588
Total assets less current liabilities	84,200	68,894	82,510
Convertible loan notes	(10,482)	–	(10,482)
Provisions for liabilities and charges	(600)	(529)	(575)
	73,118	68,365	71,453
Capital and reserves			
Called-up share capital	538	532	537
Other reserve	1,314	–	1,314
Capital reserve	210,844	210,844	210,844
Share premium account	26,287	26,091	26,288
Profit and loss account	(165,865)	(169,102)	(167,530)
Shareholders' funds	73,118	68,365	71,453

Unaudited consolidated reconciliation of shareholders' funds and movement on reserves

For the six months ended 30 June 2006

	Share capital account \$000	Capital reserve account \$000	Share premium account \$000	Profit and loss account \$000	Other reserve account \$000	Total shareholders' equity account \$000
At 1 January 2005	406	210,844	18,740	(171,899)	–	58,091
Placement for new share capital	131	–	7,548	–	–	7,679
Profit for the period	–	–	–	4,369	–	4,369
Equity portion of convertible loan note	–	–	–	–	1,314	1,314
At 31 December 2005	537	210,844	26,288	(167,530)	1,314	71,453
Placement for new share capital	1	–	(1)	–	–	–
Profit for the period	–	–	–	1,665	–	1,665
At 30 June 2006	538	210,844	26,287	(165,865)	1,314	73,118

Unaudited consolidated cash flow statement

For the six months ended 30 June 2006

	Unaudited six months ending 30 June 2006 \$000	Unaudited six months ending 30 June 2005 \$000	Audited twelve months ending 31 December 2005 \$000
Net cash in/(out) flow from operating activities	5,688	(220)	4,651
Returns on investments and servicing of finance			
Interest paid	(108)	(18)	(18)
Taxation paid	(483)	(341)	(715)
	5,097	(579)	3,918
Capital expenditure and financial investment			
Expenditure on tangible fixed assets	(10,261)	(6,361)	(18,515)
Net cash outflow before financing and management of liquid resources	(5,164)	(6,940)	(14,597)
Management of liquid resources			
Movements of restricted funds	(320)	(340)	(340)
Financing			
Issue of share capital	-	7,477	7,677
Convertible loan notes issued	-	-	12,500
(Decrease)/increase in cash	(5,484)	197	5,240
Cash at beginning of period	7,664	2,424	2,424
Cash at end of period	2,180	2,621	7,664

Notes to the financial information

For the six months ended 30 June 2006

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements for the year ended 31 December 2005 and the periods ending 30 June 2006 and 2005 have been prepared in accordance with accounting standards and the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development and Decommissioning Activities".

Basis of consolidation

The financial statements have been prepared using the principles of merger accounting. Under merger accounting, the results of the Group are combined from the beginning of the financial period in which the combination occurred and their assets and liabilities combined at the amounts at which they were previously recorded.

The financial information shown in this publication is unaudited and does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The comparative figures for the year ended 31 December 2005 were derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. Those accounts received an unqualified audit report, which did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

During the period the company has adopted FRS 20 "Share based payments." The directors consider that the impact on the interim statement is immaterial and therefore no charge has been made to the profit and loss account in respect of the charge for the current and prior periods.

2. Turnover is attributable to one continuing activity, which is oil production from the Harken de Colombia Ltd. branch located in Colombia, South America.
3. The calculation of basic earnings per ordinary share for the six months ended 30 June 2006 is based on the weighted average number of ordinary shares of 35,286,527 (six months ended 30 June 2005: 29,079,645; year ended 31 December 2005: 31,647,889). The calculation of diluted earnings per share for the six months ended 30 June 2006 is based on the weighted average number of ordinary shares of 41,475,589 (six months ended 30 June 2005 33,140,028; year ended 31 December 2005: 32,796,102). The profit after tax used in the calculation is \$1,665,000 (six months ending 30 June 2005: \$2,797,000; year ended 31 December 2005: \$4,369,000).
4. No interim dividend has been declared.

5. Reconciliation of operating profit to net cash flow from operating activities

	Unaudited six months ending 30 June 2006 \$000	Unaudited six months ending 30 June 2005 \$000	Audited twelve months ending 31 December 2005 \$000
Operating profit on ordinary activities	2,256	3,156	5,102
Depreciation, depletion and amortisation	1,668	1,881	4,359
Decrease/(increase) in debtors and prepayments	2,159	(3,442)	(3,433)
(Increase)/decrease in inventory	(11)	25	(43)
(Decrease)/increase in creditors	(404)	(1,840)	(1,334)
Net cash in/(out) flow from operating activities	5,688	(220)	4,651

6. Analysis of net funds

	At 1 January 2006 \$000	Net cash flows \$000	At 30 June 2006 \$000
Cash	7,664	(5,484)	2,180
Restricted funds	548	320	868
Total cash and restricted funds	8,212	(5,163)	3,049

Corporate directory

DIRECTORS

Mikel Faulkner (Executive Chairman)
Stephen Voss (Managing Director)
Guillermo Sanchez (Executive Director)
Lord Freeman (Non-executive Director)
Alan Henderson (Non-executive Director)
David Quint (Non-executive Director)

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Catherine Miles

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