

GEOCAN Energy Inc. announces 2006 results

CALGARY, March 30, 2007 -- GEOCAN Energy Inc. (“GEOCAN” or the “company”) (TSX: GCA) announces financial and operating results for the year ended December 31, year 2006.

Cash flow from operating activities was \$18.36 million or \$0.33/share (diluted) as compared to \$12.97 million or \$0.34 /share (diluted) in 2005. GEOCAN average number of common shares for the period 2006 was 56.5 million (diluted) as compared to 28.5 million (diluted) for 2005. The average share numbers primarily reflect the effect of the timing of the Assure Energy, Inc. acquisition and a subsequent bought deal private placement financing, both of which occurred in the latter part of 2005 and were previously announced by the company.

Cash flow for 2006 was a record for the company and an increase of 42% as compared to 2005. Average production for the year increased 41% to a record 3,077 boepd from 2,188 boepd in 2005. GEOCAN reached an exit production rate of 3,544 boepd while achieving record operating and corporate netbacks in 2006 in the process.

Earnings loss for 2006 was (\$0.97 million) or (\$0.02 /share) (diluted) as compared to earnings of \$1.55 million or \$0.05/share (diluted) in 2005. The earnings loss for 2006 resulted primarily from higher than anticipated depletion, depreciation and accretion (“DD&A”) in 2006 due to lower than anticipated drilling success in replacing its proven reserves. Total proven plus probable reserves however, were up 312% due to a significant heavy oil discovery with high recovery potential. GEOCAN’s first quarter 2007 drilling program improved the company’s success rate with 11 wells drilled and all wells cased for production.

GEOCAN’s most notable accomplishment of 2006 was the discovery of a significant heavy oil pool in the Lloydminster core area (100% working interest) that has potential for a major steam assisted gravity drainage (“SAGD”) recovery program. With approximately 25 million probable recoverable barrels, as assessed by independent third-party engineers DeGolyer and MacNaughton Canada Limited, this project has the potential to be very significant for GEOCAN.

Finding development and acquisition (“FD&A”) costs for proved reserves were \$33.03/boe before future capital (\$35.26/boe after future capital). FD&A costs for proved and probable reserves were \$1.78/boe before future capital (\$9.44/boe including future capital). The total proved plus probable FD&A calculation includes the probable reserves assigned to SAGD as well as SAGD capital of approximately \$200 million.

The oil and gas industry experienced many challenges in 2006 and GEOCAN was not immune to them. Although the price of heavy oil, which represents 45% of GEOCAN’s commodity mix, strengthened 23%, lower prices for natural gas, down 35%, had an impact on the company, as they did on the entire oil and gas industry. GEOCAN operates about 90% of its production which enabled the company to control costs resulting in year over year production and general and administration expenses remaining essentially flat on a per unit basis. This was in contrast to a general industry trend of higher per unit costs resulting from increased oilfield services and labour costs.

Highlights of 2006 include:

- The discovery of a significant heavy oil pool near Lloydminster added 24.8 million barrels of probable reserves.

- On the strength of this discovery GEOCAN's year-end independently assessed proved and probable (P+P) reserves increased 312% to 32.5 million boe compared with 7.9 million boe at the end of 2005.
- Proved reserves were well balanced in 2006, with 28% allocated to light and medium oil, 30% to natural gas and 42% to heavy oil.
- Average production rose 41% from 2,188 boepd in 2005 to 3,077 boepd in 2006, as GEOCAN surpassed the one million boe annual production threshold.
- The reserves replacement ratio was approximately 24 times, based on additions to proved plus probable reserves of approximately 24.5 million boes. The company came close to replacing its one million boe of production from proved additions with a proved reserves replacement ratio of 0.83.
- Gross revenues reached \$47.9 million, up 43% from \$33.4 million in 2005.
- Cash flow rose 42% to a record \$18.4 million in 2006 from \$13 million in 2005.
- Netbacks rose 15% in 2006 to \$21.49/boe compared with \$18.69/boe in 2005, driven by netbacks on heavy oil that were up 15% to \$15.09/bbl although netbacks on light/medium oil were down 11% to \$35.42/bbl and natural gas netbacks decreased 51% to \$3.24/mcf driven by the 35% drop in natural gas prices. The company's balanced commodity mix served it well throughout the year, limiting the downward impact of decreasing natural gas prices on cash flow.
- Despite increasing costs for oilfield services and labour, GEOCAN kept cost increases to 5% for field operations and 7% for general and administration, both on a boe basis, due to the fact that the company operates approximately 90% of its production.
- Gross undeveloped land portfolio grew 60% to 322 gross sections (212 net) in 2006. Total gross land is currently 394 sections (260 net), most of which are in gas and light oil prone areas, providing prospects for drilling well into 2007 and beyond.
- GEOCAN acquired Columbus Exploration Ltd. in July 2006, adding production, facilities and 21,142 gross acres (13,808 net) of undeveloped land northwest of Edmonton.
- Capital expenditures were focused primarily on drilling 30 gross (22.13 net) wells, completions and tie-ins for \$29.2 million. The company spent an additional \$2.7 million to acquire 18,560 gross (14,200 net) acres of undeveloped land at Crown sales in British Columbia, Alberta and Saskatchewan. Seismic programs (2D and 3D) and the acquisition of third party seismic required \$2.4 million.

Comparative Financial Highlights

	Year ended <u>Dec 31, 2006</u>	Year ended <u>Dec 31, 2005</u>	<u>Percent Change</u>
Gross revenue	\$ 47,896,854	\$ 33,381,746	43%

Net revenues	\$ 39,783,567	\$ 27,772,725	43%
Production expenses	\$ 14,192,042	\$ 9,999,149	42%
Per unit (\$/boe)	\$ 13.19	\$ 12.52	5%
Depletion and site restoration expense	\$ 22,368,173	\$ 10,809,221	107%
Per unit (\$/boe)	\$ 20.79	\$ 13.54	54%
General and administration expense	\$ 3,959,704	\$ 2,184,961	81%
Per unit (\$/boe)	\$ 2.92	\$ 2.74	7%
Cash flow	\$ 18,363,653	\$ 12,972,434	42%
Per share (basic)	\$ 0.33	\$ 0.40	-17%
Per share (diluted)	\$ 0.33	\$ 0.34	-5%
After tax net (loss) income	\$ (967,200)	\$ 1,552,666	
Per share (basic)	\$ (0.02)	\$ 0.05	
Capital expenditures	\$ 35,943,778	\$ 19,905,887	81%
Total capital assets (net of depletion)	\$ 147,281,432	\$ 107,939,000	51%
Average production (boepd)	3,077	2,188	41%
Exit production (boepd)	3,544	3,414	4%
Average shares (basic) for the period ended	55,544,073	25,531,448	118%

Production increases

Average production in 2006 rose 41% to 3,077 boepd, compared with 2,188 in 2005. By yearend, production volumes reached a capability exit rate of 3,544 boepd, up 4% from the 3,414 boepd capability exit level in 2005.

GEOCAN committed to a more balanced commodity mix than it had a year ago, aiming for one third heavy oil, one third light/medium oil, and one third natural gas. At yearend, the company's mix moved further in this direction with production distributed 45% to heavy oil (2005: 56%), 35% to natural gas (2005: 25%), and 20% to light/medium oil (2005: 19%). Management believes a balance of all three commodities allows the company to focus on exploration and development projects that are consistent with each commodity's price cycle.

Lloydminster discovery

GEOCAN discovered a significant heavy oil pool near Lloydminster that independent third party engineers DeGolyer and MacNaughton Canada Limited have estimated at 24.8 million barrels of probable reserves.

The pool, which was delineated with five vertical wells in 2006, is concentrated in less than one section of land, making development relatively straightforward. The reservoir is 3D seismically defined. It displays good characteristics for a SAGD program, and is in an area well served by pipelines and other infrastructure. The company holds 100% working interest in the discovery.

A pilot phase will likely be initiated to validate the geologic model and streamline any technical issues before proceeding to a full-scale enhanced recovery scheme. This pilot project would include two to three horizontal well pairs with surface facilities to handle the associated production volumes. This phase is expected to cost approximately \$40 million. Preliminary estimates identifying potentially up to 15 well pairs could be necessary to fully develop the reserves in place. The full phase development including the initial pilot is anticipated to cost \$200 million.

As the technical work on this project continues, it will provide GEOCAN the opportunity to continue to grow at a different level. Traditional junior oil and gas producers grow primarily through the drill bit and acquisitions. This strategy will continue at GEOCAN but more emphasis will be placed on the development of projects like this that converts known reserves into production and cash flow.

Reserves replacement

GEOCAN reached a major milestone in 2006, surpassing the 1,000,000 boe annual production threshold. The company's reserves replacement ratio was approximately 24 times based on its proved and probable reserves additions of 24.5 million boe. With 888,100 boe of this being proved reserves additions, GEOCAN came close to replacing its 1.08 million boe of production from proved additions alone. The company's proved reserves were allocated 28% to light and medium oil, 30% to natural gas and 42% to heavy oil in 2006.

Focus areas

Overall, GEOCAN concentrated its 2006 capital program in its high-working-interest core areas of northeast British Columbia, west central Alberta, and Lloydminster, Saskatchewan. Exploration drilling accounted for 47% of drilling, higher than ever before. This trend is expected to continue in 2007. As a result, GEOCAN exited 2006 with greater prospects. Also, for the first time, the company's new technical team will be generating all the company's plays in 2007 and beyond.

In the Lloydminster core area the company drilled 14 (100% working interest) wells including those on the SAGD property: 13 wells were cased, one was abandoned.

Outside the Lloydminster core area, the company collaborated with a major integrated oil and gas producer in the Peace River area of northern Alberta, carrying out a 3D seismic program on Crown land in this region. This resulted in the acquisition of a further 12 sections of Crown land in 2006, bringing the total contiguous land base there to 22 sections. This is consistent with the company's strategy of developing an inventory of high-impact natural gas and light oil plays in central and northwestern Alberta and northeastern British Columbia.

The company readied itself for drilling in northeast British Columbia this past winter and as a result drilled three wells there in the first quarter 2007.

Overall, GEOCAN's portfolio of gross undeveloped land grew 60% in 2006 to 322 gross sections (212 net). Total gross land is currently 394 sections (260 net), a sizable asset. Most of this land is in gas and light oil prone areas, providing GEOCAN with a portfolio of drilling prospects well into 2007 and beyond.

Drilling activities

GEOCAN drilled 30 gross wells in 2006, casing 83% of the wells (12 natural gas wells, 13 oil wells), compared with 23 wells drilled and an 86% casing rate in 2005. The company had five new pool discoveries in 2006. Of the five wells abandoned, one non-operated well - the Raven well near Caroline - received considerable press coverage. Raven represented only approximately 10% of GEOCAN's capital budget for 2006 and the fact that GEOCAN was a partner on this opportunity is a testament to the size and sustainability of GEOCAN today. Going forward, the company plans to continually allocate 10% to 15% of its annual capital budget to various higher impact opportunities.

Acquisitions

The acquisition of Columbus Exploration Ltd. in July 2006 added to GEOCAN's natural gas weighting and brought with it 21,142 gross acres (13,808 net) of undeveloped land. These assets fit well with the company's current operations, giving it a stronger presence in the region north and west of Edmonton.

Revenues and prices

Gross revenues reached \$47.9 million, up 43% from \$33.4 million in 2005 although commodity prices generally declined in 2006. Natural gas prices were down 35% year over year to \$6.59/mcf and light/medium oil prices were down 8% to \$55.31/bbl. However, heavy oil prices rose 23% to \$41.92/bbl.

Controlling costs

The past year saw costs rise for oilfield services and labour. GEOCAN's operatorship of 90% of its properties enabled the company to keep field operating cost increases to 5% and general and administrative cost increases to 7% as measured on a boe basis.

Cash flow

GEOCAN generated a record cash flow of \$18.4 million, up 42% from \$13 million in 2005. Cash flow was somewhat hampered by the lower prices but also due to 370 boepd of behind pipe and deferred production at year end that did not get to market. Cash flow per share (diluted) declined \$0.01 cents to \$0.33 cents when compared with \$0.34 cents per share (diluted) in 2005, reflecting two developments in late 2005 - the share issuance related to the acquisition of Assure Energy, Inc. and a subsequent bought deal private placement financing, both of which occurred in the latter part of 2005. Finally, GEOCAN posted record operating (\$21.49/boe) and corporate (\$16.88/boe) netbacks in 2006 in a challenging industry environment.

Earnings

From an earnings perspective, simply replacing production with proved reserves additions (both integral components of the DD&A calculation) during a downward price trend, resulted in a

larger than anticipated DD&A charge at year end. As a result GEOCAN posted negative earnings of \$(967,200) or \$(0.02)/share (diluted) in 2006 after a significant future tax recovery.

Fourth Quarter 2006 Highlights

- Fourth quarter revenues were \$10.5 million, down 11% from \$11.8 million in the fourth quarter 2005 and 22% from third quarter 2006 revenues of \$13.6 million.
- Heavy oil prices averaged \$38.00/bbl (2005 - \$34.14/bbl), light/medium oil averaged \$49.10/bbl (2005 - \$50.66/bbl) and natural gas averaged \$6.82/mcf (2005 – \$10.78/mcf).
- Fourth quarter average production was essentially flat at 2,816 boepd compared with 2,808 boepd in the fourth quarter 2005, reflecting a number of operational issues during October/November in the Tomahawk area of west central Alberta and in northeast British Columbia. Heavy oil production averaged 1,306 boepd, light /medium averaged 644 boepd and natural gas averaged 5,199 mcf/day.
- The company drilled seven of its 30 wells during the fourth quarter and five of these seven wells were tied in and producing by year end. One exploration well was drilled at Soda Lake, Saskatchewan, four heavy oil development wells were drilled in the Lloydminster core area and one natural gas development well was drilled at Buick Creek in northeast British Columbia. One location at Lloydminster was abandoned.
- Royalty expense was \$2.5 million in the quarter compared with \$2.1 million in fourth quarter 2005 and \$1.9 million in the third quarter 2006. The fourth quarter total reflects a true-up between estimate and actual for royalty amounts.
- Operating costs (before transportation expense) were \$3.9 million (\$14.41/boe) in the fourth quarter, reflecting significant facilities work performed at Northminster North, Tomahawk and newly acquired assets in central Alberta. This compares with \$3.7 million (\$12.25/boe) in the third-quarter 2006 and \$3.2 million (\$12.29/boe) in the fourth quarter last year.
- Fourth quarter non-capitalized general and administrative expense was \$562,778 (\$2.10/boe) compared with \$705,457 (\$2.73/boe) in the comparable quarter of 2005. Costs reflect the full absorption of the Columbus acquisition, year-end reporting requirements, an upgrade to the company's accounting, land and field level production reporting systems, as well as the hiring of full-time field operations staff late in the year.
- The fourth quarter was burdened by year-end charges for a non-recurring federal corporate tax charge, the annual Saskatchewan resource surcharge and a true-up between estimate and actual for royalty amounts. Normalized fourth-quarter cash flow was \$3.3 million (2005 - \$4.9 million).
- Capital expenditures in the fourth-quarter were \$9.6 million, resulting in the drilling of five heavy oil wells and two gas wells, the acquisition of 39,680 gross (13,920 net) acres of land and the investment in 6.71 square miles of proprietary and trade 3D seismic as well as 47.9 miles of proprietary and trade 2D seismic. All but one of the wells drilled in the quarter were cased. This program was financed by funds generated from operations and the company's revolving bank facility.

Outlook

- GEOCAN has now completed its 2007 first quarter drilling program and has cased all 11 wells drilled. Five of these wells are currently on production. In addition two more are anticipated to be on production by the end of the second quarter. The company will elaborate on this through an operational update in mid-April.
- Six of the company's 2006 successfully cased wells are being completed or are awaiting completion when natural gas prices improve.
- At GEOCAN's Lloydminster heavy oil discovery, work is underway to develop a strategy to optimize development of the resource. A pilot phase will likely be needed to validate the geologic model and streamline any technical issues before proceeding to a full-scale enhanced recovery scheme.
- Key priorities for the year ahead will be to tie-in existing discoveries, ensure environmental and safe operations, advance engineering work on the Lloydminster SAGD opportunity, and build a sufficient cash reserve to meet unanticipated issues throughout the balance of the year.
- The company will monitor its capital and operating expenditures to ensure prudent, profitable and cost effective deployment of its cash flow. The company plans minimal capital expenditures throughout breakup and the second quarter. For the balance of the year the company will focus on high-priority opportunities as it works to reduce its leveraged balance sheet.

A growing talent pool

GEOCAN nearly doubled the number of employees from 13 to 25 while keeping G&A expenditures in check, increasing only 7% on a boe basis. This growth allowed for less reliance on third-party consultants and increased the company's independence in planning and execution. GEOCAN now has seven engineering staff, six geoscientists, three land staff, seven accounting staff, and two office staff.

CONSOLIDATED BALANCE SHEET AS AT:

	December 31, 2006	December 31, 2005
Assets		
Current		
Accounts receivable	\$ 14,300,804	\$ 10,181,438
Prepaid expenses	1,402,637	763,289
	<hr/>	<hr/>
	15,703,441	10,944,727
Property and equipment	147,281,432	107,639,000
Investment	968,266	968,266
Goodwill	2,653,902	2,653,902
	<hr/>	<hr/>
	\$ 166,607,041	\$ 122,205,895

Liabilities

Current

Bank indebtedness	\$ 3,637,022	\$ 650,856
Accounts payable	17,754,660	14,078,650
Cumulative dividend payable	194,216	70,286
Bank debt	48,075,537	10,900,000
Long-term debt - current portion	-	1,190,221
	<hr/>	<hr/>
	69,661,435	26,890,013
Asset retirement obligation	6,950,116	5,926,421
Long-term debt	-	2,206,559
Future income taxes	17,117,673	16,663,800
Preferred shares	2,739,676	2,739,676
	<hr/>	<hr/>
	96,468,900	54,426,469

Shareholders' Equity

Share capital	67,918,997	64,763,778
Share purchase warrants	1,513,400	2,094,819
Contributed surplus	1,532,404	657,476
(Deficit)/Retained earnings	(826,660)	263,353
	<hr/>	<hr/>
	70,138,141	67,779,426
	<hr/>	<hr/>
	\$ 166,607,041	\$ 122,205,895

CONSOLIDATED STATEMENT OF OPERATIONS AND (DEFICIT) RETAINED EARNINGS AS AT:

for the year ended

	December 31, 2006	December 31, 2005
Revenue:		
Revenues	\$ 47,896,854	\$ 33,381,746
Less: Royalties (net of ARTC)	(8,113,287)	(5,609,021)
	<hr/>	<hr/>
	39,783,567	27,772,725
Expenses:		
Operating	14,192,042	9,999,149
Transportation	1,720,381	821,363
General and administration	3,959,704	2,606,298
Interest and bank charges	1,805,266	836,816
Cumulative dividend on preferred shares	123,930	70,286
Depletion, depreciation and accretion	22,368,173	10,809,221
	<hr/>	<hr/>
	44,169,496	25,143,133

(Loss)/Income before income taxes	(4,385,929)	2,629,592
Provision for income taxes (recovery)		
Current taxes	544,975	396,510
Future	(3,963,704)	680,416
	<u>(3,418,729)</u>	<u>1,076,926</u>
Income/(loss) for the period	(967,200)	1,552,666
Retained earnings (deficit), beginning of period	263,352	(1,284,114)
Acquisition of shares in excess of assigned value	(122,812)	(5,199)
(Deficit) Retained earnings, end of period	\$ (826,660)	\$ 268,552
(Loss)/Income per share		
Basic	\$ (0.02)	\$ 0.05
Diluted	\$ (0.02)	\$ 0.05

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended

	December 31, 2006	December 31, 2005
Operating activities:		
Net income (loss) for the period	\$ (967,200)	\$ 1,552,666
Adjustments for non-cash items:		
Equity share of earnings of investment		
Depletion, depreciation and accretion	22,368,173	10,809,221
Unrealized financial risk mgmt. liability	-	(561,492)
Stock based compensation	812,547	421,337
Foreign exchange gain	(10,093)	-
Future income tax (recovery)	(3,963,704)	680,416
Cumulative dividend on preferred shares	123,930	70,286
	<u>\$ 18,363,653</u>	<u>\$ 12,972,434</u>
Asset retirement obligation settled	(511,728)	(244,102)
Other income on disposal of asset	(987,748)	(1,031,688)
Change in non-cash working capital	<u>(756,912)</u>	<u>(1,268,890)</u>
	16,107,265	10,427,754
Investing		
Capital asset expenditures	\$ (35,943,778)	\$ (19,905,887)
Acquisition of Columbus Exploration	(15,726,254)	-
Transaction costs of acquisition	(1,656,745)	(5,448,240)
Proceeds on disposition of capital assets	-	1,031,688

Change in non-cash working capital	201,864	(2,086,746)
	\$ (53,124,913)	\$ (26,409,185)
Financing:		
Issuance of common shares	\$ 2,634,624	\$ 20,595,730
Repayment of third-party loan		(1,500,000)
Repurchase of common shares	(361,048)	-
Proceeds of debt	35,154,686	(11,755,216)
Repayment of debt	(3,396,780)	-
	\$ 34,031,482	\$ 7,340,514
Decrease in cash	(2,986,166)	(8,640,917)
(bank indebtedness) beginning of period	(650,856)	(2,079,767)
(bank indebtedness) end of period	\$ (3,637,022)	\$ (10,720,684)
Supplemental information		
Interest paid	\$ 1,805,266	\$ 378,260
Taxes paid	\$ 544,975	\$ -

The company notes that this news release contains selected financial and other information from its 2006 annual report, which is available at SEDAR (www.sedar.com) and the company's web site (www.geocan.com). This information should be read in conjunction with the December 31, 2006 and 2005 audited consolidated financial statements of the company, the attached notes and the management's discussion and analysis relating thereto, all of which are available on SEDAR and contained in the 2006 annual report.

Advisory -- Forward-looking Information

This press release may include certain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. However, while management believes these forward-looking statements to be reasonable, the reader cannot be assured that these expectations will prove to be correct. The reader should not unduly rely on these forward-looking statements as these statements speak only as of the date of March 30, 2006. Additional information about the company can be found on www.sedar.com.

Barrel of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio for natural gas of 1 bbl : 6 mcf. This is based on an energy equivalency conversion method particularly applicable at the burner tip and does not represent a value equivalency at the wellhead.

- 30 -

For further information please contact:
Wayne Wadley, President and CEO or
Brad Farris, VP Finance and CFO
GEOCAN Energy Inc.
Phone (403) 261-3851
Fax (403) 261-3834

Email wwadley@geocan.com
or bfarris@geocan.com
Website: www.geocan.com