

GRAN TIERRA ENERGY, INC.  
Form SB-2/A  
August 08, 2006

As filed with the Securities and Exchange Commission on August 8, 2006

Registration No. 333-132352

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
AMENDMENT NO. 2 TO  
FORM SB-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**GRAN TIERRA ENERGY INC.  
(f/k/a Goldstrike Inc.)  
(Name of Small Business Issuer in Its Charter)**

**Nevada  
(State or Other Jurisdiction of  
Incorporation or Organization)**

**1311  
(Primary Standard Industrial  
Classification Code Number)**

**98-0479924  
(I.R.S. Employer Identification  
No.)**

**300, 611-10<sup>TH</sup> AVENUE S.W.  
CALGARY, ALBERTA T2R 0B2  
CANADA  
(403) 265-3221**

**(Address and Telephone Number of Principal Executive Offices)  
(Address of Principal Place of Business or Intended Principal Place of Business)**

**DANA COFFIELD  
PRESIDENT & CHIEF EXECUTIVE OFFICER  
300, 611-10<sup>TH</sup> AVENUE S.W.  
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Approximate Date of Commencement of Proposed Sale to the Public: From time to time as determined by the selling stockholders after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated August 8, 2006

Prospectus

Gran Tierra Energy Inc.

22,821,417 shares of common stock

This prospectus relates to the offering by the selling stockholders of Gran Tierra Energy Inc. of up to 22,821,417 shares of our common stock, par value \$0.001 per share. Those shares of common stock include 15,547,606 shares of common stock and 7,273,811 shares of common stock underlying warrants, issued to certain investors in three private offerings. We are registering the offer and sale of the common stock, including common stock underlying warrants, to satisfy registration rights we have granted to the selling stockholders.

We will not receive any proceeds from the sale of common stock by the selling stockholders. We may receive proceeds from the exercise price of the warrants if they are exercised by the selling stockholders. We intend to use any proceeds received from the selling stockholders' exercise of the warrants for working capital and general corporate purposes.

The selling stockholders have advised us that they will sell the shares of common stock from time to time in the open market, on the OTC Bulletin Board, in privately negotiated transactions or a combination of these methods, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or otherwise as described under the section of this prospectus titled "Plan of Distribution."

Our common stock is traded on the OTC Bulletin Board under the symbol "GTRE.OB" On August 4, 2006 the closing price of the common stock was \$3.45 per share.

**Investing in our common stock involves risks. Before making any investment in our securities, you should read and carefully consider risks described in the Risk Factors beginning on page 4 of this prospectus.**

You should rely only on the information contained in this prospectus or any prospectus supplement or amendment. We have not authorized anyone to provide you with different information.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This prospectus is dated           , 2006

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## SUMMARY

*This summary highlights information contained elsewhere in this prospectus but might not contain all of the information that is important to you. Before investing in our common stock, you should read the entire prospectus carefully, including the “Risk Factors” section and our financial statements and the note thereto included elsewhere in this prospectus.*

*For purposes of this prospectus, unless otherwise indicated or the context otherwise requires, all references herein to “Gran Tierra,” “we,” “us,” and “our,” refer to Gran Tierra Energy Inc., a Nevada corporation, and our subsidiaries.*

### Our Company

On November 10, 2005 (the “Closing Date”), Goldstrike Inc. (the previous public reporting entity), Gran Tierra Energy Inc., a privately held Canadian corporation (“Gran Tierra Canada”) and the holders of Gran Tierra Canada’s capital stock entered into a share purchase agreement, and Goldstrike and Gran Tierra Goldstrike, Inc. (“Goldstrike Exchange Co.”), a Canadian subsidiary of Goldstrike, entered into an assignment agreement. In these two transactions, the holders of Gran Tierra Canada’s capital stock acquired shares of either Goldstrike common stock or exchangeable shares of Goldstrike Exchange Co., and Goldstrike Exchange Co. acquired substantially all of Gran Tierra Canada’s capital stock. Additionally, Goldstrike changed its name to Gran Tierra Energy Inc. with the management and business operations of Gran Tierra Canada, remaining incorporated in the State of Nevada. Following this transaction, Goldstrike Exchange Co. acquired the remaining shares of Gran Tierra Canada outstanding after the initial share exchange for shares of common stock of Gran Tierra Energy Inc. using the same exchange ratio as used in the initial exchange, and Gran Tierra Canada became a wholly-owned subsidiary of Gran Tierra Energy Inc.

Goldstrike Inc. was incorporated on June 9, 2003 in the State of Nevada and commenced operations as an exploration stage company to pursue opportunities in the field of mineral exploration. Goldstrike was engaged in the acquisition, and exploration of mineral properties with a view to exploiting any discovered mineral deposits that demonstrate economic feasibility. Goldstrike owned a 100% undivided interest in 32 contiguous mineral claim units located in British Columbia, Canada. Immediately following the share exchange described above, Goldstrike disposed of its mineral claims and its resulting operations consisted primarily of the operations of Gran Tierra Canada before the share exchange.

### **Recent Developments**

In the above-described transactions between Goldstrike and the holders of Gran Tierra Canada common stock, Gran Tierra Canada shareholders were permitted to elect to receive, for each share of Gran Tierra Canada's common stock: (1) 1.5873016 exchangeable shares of Goldstrike Exchange Co. (and ancillary rights), or (2) 1.5873016 shares of common stock of Goldstrike, or (3) a combination of Goldstrike Exchange Co. exchangeable shares and Goldstrike common stock. All of Gran Tierra Canada's shares were, through a series of exchanges, exchanged for shares of Goldstrike and/or exchangeable shares of Goldstrike Exchange Co. Each exchangeable share of Goldstrike Exchange Co. is exchangeable into one share of our common stock.

The share exchange between the former shareholders of Gran Tierra Canada and the former Goldstrike brought the assets, management, business operations and business plan of the former Gran Tierra into the framework of the company formerly known as Goldstrike and it is treated as a recapitalization of Gran Tierra for financial accounting purposes. Accordingly, the historical financial statements of Goldstrike before the share purchase and assignment transactions will be replaced with the historical financial statements of Gran Tierra Canada before the share exchange in all future filings with the SEC.

Before the share purchase and assignment transactions and in contemplation of such, Goldstrike provided Gran Tierra Canada with financing to allow Gran Tierra Canada to acquire properties in Argentina on September 1, 2005. Goldstrike derived the funds necessary to provide this financing from the proceeds of the initial closing of a private offering of its securities, described in more detail below. Gran Tierra Canada's financing was evidenced by a loan agreement and promissory note dated September 1, 2005, under which Goldstrike committed to loan Gran Tierra Canada up to \$8,337,916, of which Gran Tierra Canada borrowed an initial \$6,665,198.30.

On September 1 and October 7, 2005, Goldstrike completed closings on a first private placement offering to accredited investors raising \$9,353,507 from the sale of 11,691,884 units of Goldstrike's securities, each unit consisting of one share of common stock and a warrant to purchase one-half share of common stock. Canaccord Capital Corporation received \$52,178 in cash and 250,000 shares of Goldstrike's common stock in payment of fees for services to Goldstrike as placement agent. The proceeds from the September 1, 2005 closing of the sale of Goldstrike's units were used to fund the September 1, 2005 loan from Goldstrike to Gran Tierra Canada. Proceeds derived from the October 7, 2005 closing were used to increase Goldstrike's loan commitment to Gran Tierra Canada from \$8,337,916 to \$9,313,492, and Gran Tierra Canada borrowed an additional \$800,000 from Goldstrike.

On October 27, 2005, Goldstrike completed a first closing on a second private placement offering of units to accredited investors in which it sold 1,250,000 units for consideration of \$1,000,000. Goldstrike used the proceeds of the October 27, 2005 closing to increase its loan commitment to Gran Tierra Canada from \$9,313,492 to \$10,313,492. Gran Tierra Canada borrowed an additional \$700,000 under the Goldstrike loan commitment. The original loan agreement between Goldstrike and Gran Tierra Canada specified that the original bridge loan amount would be deemed forgiven on the date of the merger. On October 27, 2005, Goldstrike completed a first closing on a second private placement offering of units to accredited investors in which it sold 1,250,000 units for consideration of \$1,000,000. Goldstrike used the proceeds of the October 27, 2005 closing to increase its loan commitment to Gran Tierra Canada from \$9,313,492 to \$10,313,492. Gran Tierra Canada then borrowed an additional \$700,000 under the

Goldstrike loan commitment. The terms of the original agreement for the loan commitment stated that the amounts borrowed by Gran Tierra Canada under the loan commitment would be deemed forgiven upon the consummation of the merger between Goldstrike and Gran Tierra Canada. However, on November 11, 2005 Goldstrike and Gran Tierra Canada agreed to amend the terms of the agreement to provide that all amounts borrowed under the loan commitment would remain outstanding after the merger, and that the promissory note evidencing such amounts would be amended to a demand note without a stated due date. Gran Tierra has executed an amended and restated bridge loan promissory note and an amendment to the loan agreement. This loan is currently outstanding. We have not presented the note to Gran Tierra Canada or otherwise made a demand on Gran Tierra Canada to pay any portion of the outstanding principal or accrued interest on the loan.

Following the Closing Date, on December 14, 2005, we completed a sale of units in a second closing of the second offering to accredited investors. In this second closing of the second private offering, we sold an additional 1,343,222 units for consideration of \$1,074,578. The net proceeds from the second closing of the second offering were used for working capital and general corporate purposes. In total, we sold 2,593,222 units for an aggregate of \$2,074,578 in the second private offering.

A final sale of unregistered shares of common shares to accredited investors was completed on February 2, 2006. In this third offering, we sold 762,500 shares of our common stock and warrants to acquire 381,250 shares of common stock for consideration of \$610,000. We also issued 250,000 shares of common stock as a finder's fee in conjunction with the private offerings. On February 2, 2006, two investors from the February 2, 2006 offering exercised warrants underlying a total of 250,000 shares of our common stock.

### ***Argosy Acquisition***

On June 20, 2006, we acquired all of the limited partnership interests of Argosy Energy International ("Argosy") and all of the issued and outstanding capital stock of Argosy Energy Corp. ("AEC"), a Delaware corporation and the general partner of Argosy. We paid \$37.5 million in cash, issued 870,647 shares of our common stock and granted participation rights (including overriding royalty interests and net profit interests) in certain Argosy assets valued at \$1 million. Argosy, a Utah limited partnership, holds a diverse portfolio of producing properties, drill-ready prospects and exploration acreage in Colombia.

Argosy's oil production averaged approximately 987 barrels per day (after royalty) during the fourth quarter of 2005. Argosy's remaining proven reserves at December 31, 2005 are estimated by Huddleston & Co., independent reserve engineers, at 2.34 million barrels (net after royalty). Royalty rates are 20% and 8% for Argosy's producing properties. Argosy's net land position is approximately 153,000 acres.

### ***Increase in Authorized Shares***

On June 1, 2006, we filed a Certificate of Amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada increasing our authorized capital stock from 80,000,001 shares to 325,000,001 shares, which include:

- 300,000,000 shares of common stock, par value \$0.001,
- 25,000,000 shares of preferred stock, par value \$0.001, and
- 1 share, par value of \$0.001, to be designated as Special Voting Stock.

The amendment was approved unanimously by our Board of Directors and submitted to stockholders for approval. The amendment was consented to and approved by the written consent, in lieu of a meeting, of the holders of a majority of our issued and outstanding shares eligible to vote.

### ***Recent Financing Activity***



On June 20, 2006, we completed the sale of 43,336,051 units of our securities, deriving gross proceeds of \$65,004,076. Each unit consisted of one share of our common stock and a warrant to purchase one-half share of our common stock for a period of five years at an exercise price of \$1.75 per whole share. On June 29, 2006, we conducted a second closing of the offering of units of our securities, deriving additional gross proceeds of \$5,454,944 from the sale of 3,636,629 additional units. On June 30, 2006, we conducted a final closing of the offering of units of our securities, deriving additional gross proceeds of \$4,540,980 from the sale of 3,027,320 additional units. In connection with the three closings of the offering, we sold a total of 50,000,000 units for gross proceeds totaling \$75,000,000.

### Corporate Information

Goldstrike Inc., now known as Gran Tierra Energy Inc., was incorporated under the laws of the State of Nevada on June 6, 2003. Our principal executive offices are located at 300, 611 - 10<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada. The telephone number at our principal executive offices is (403) 265-3221. Our website address is www.grantierra.com. Information contained on our website is not deemed part of this prospectus.

### The Offering

Common stock currently outstanding (1)	95,455,759 shares
Common stock offered by the selling stockholders	15,547,606 shares
Common stock issuable upon exercise of Warrants	35,156,915 shares
Common stock outstanding after the offering (2)	130,612,674 shares
Use of Proceeds	We will not receive any proceeds from the sale of common stock offered by this prospectus.
OTC Bulletin Board Symbol	GTRE.OB

(1) Includes 15,547,606 shares of common stock which will not be available to trade publicly until the registration statement of which this prospectus is a part is declared effective by the SEC, 16,984,127 shares of common stock which are issuable upon the exchange of exchangeable shares of Goldstrike Exchange Co. which will not be registered under the registration statement and 50,000,000 shares of common stock which will not be available to trade until registered under a separate registration statement.

(2) Assumes the full exercise of all 35,156,915 remaining warrants.

## **RISK FACTORS**

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks below before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. In such case, the trading price of our common stock could decline and you could lose all or part of your investment.*

### **Risks Related to Our Business**

We are a new enterprise engaged in the business of oil and natural gas exploration and development. The business of exploring for, developing and producing oil and natural gas reserves is inherently risky. We will face numerous and varied risks which may prevent us from achieving our goals.

#### ***We are a Development Stage Company With Limited Operating History for You to Evaluate Our Business. We May Never Attain Profitability.***

We are a development stage company and have limited current oil or natural gas operations. As an oil and gas exploration and development company with limited operating history, it is difficult for potential investors to evaluate our business. Our proposed operations are therefore subject to all of the risks inherent in light of the expenses, difficulties, complications and delays frequently encountered in connection with the formation of any new business, as well as those risks that are specific to the oil and gas industry. Investors should evaluate us in light of the delays, expenses, problems and uncertainties frequently encountered by companies developing markets for new products, services and technologies. We may never overcome these obstacles.

Our business is speculative and dependent upon the implementation of our business plan and our ability to enter into agreements with third parties for the rights to exploit potential oil and gas reserves on terms that will be commercially viable for us.

#### ***Unanticipated Problems in Our Operations May Harm Our Business and Our Viability.***

If our operations in Argentina and Colombia are disrupted and/or the economic integrity of these projects is threatened for unexpected reasons, our business may experience a setback. These unexpected events may be due to technical difficulties, geographic and weather conditions, business reasons or otherwise. Because we are at the beginning stages of our development, we are particularly vulnerable to these events. Prolonged problems may threaten the commercial viability of our operations. Moreover, the occurrence of significant unforeseen conditions or events in connection with our acquisition of operations in Argentina and Colombia may cause us to question the thoroughness of our due diligence and planning process which occurred before the acquisitions, which may cause us to reevaluate our business model and the viability of our contemplated business. Such actions and analysis may cause us to delay development efforts and to miss out on opportunities to expand our operations.

#### ***We May Be Unable to Obtain Development Rights We Need to Build Our Business, and Our Financial Condition and Results of Operations May Deteriorate.***

Our business plan focuses on international exploration and production opportunities, initially in South America and later in other parts of the world. Thus far, we have acquired interests for exploration and development in four properties in Argentina and seven properties in Colombia. In the event that we do not succeed in negotiating additional property acquisitions, our future prospects will likely be substantially limited, and our financial condition and results of operations may deteriorate.



***Our Lack of Diversification Will Increase the Risk of an Investment in Our Common Stock.***

Our business will focus on the oil and gas industry in a limited number of properties, initially in Argentina and Colombia, with the intention of expanding elsewhere in South America and later into other parts of the world. Larger companies have the ability to manage their risk by diversification. However, we will lack diversification, in terms of both the nature and geographic scope of our business. As a result, factors affecting our industry or the regions in which we operate will likely impact us more acutely than if our business were more diversified.

***Strategic Relationships Upon Which We May Rely are Subject to Change, Which May Diminish Our Ability to Conduct Our Operations.***

Our ability to successfully bid on and acquire additional properties, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will depend on developing and maintaining close working relationships with industry participants and on our ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. These realities are subject to change and may impair Gran Tierra's ability to grow.

To develop our business, we will endeavor to use the business relationships of our management to enter into strategic relationships, which may take the form of joint ventures with other private parties or with local government bodies, or contractual arrangements with other oil and gas companies, including those that supply equipment and other resources that we will use in our business. We may not be able to establish these strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to in order to fulfill our obligations to these partners or maintain our relationships. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

***Competition in Obtaining Rights to Explore and Develop Oil and Gas Reserves and to Market Our Production May Impair Our Business.***

The oil and gas industry is highly competitive. Other oil and gas companies will compete with us by bidding for exploration and production licenses and other properties and services we will need to operate our business in the countries in which we expect to operate. This competition is increasingly intense as prices of oil and natural gas on the commodities markets have risen in recent years. Additionally, other companies engaged in our line of business may compete with us from time to time in obtaining capital from investors. Competitors include larger, foreign owned companies, which, in particular, may have access to greater resources than us, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

***We May Be Unable to Obtain Additional Capital that We Will Require to Implement Our Business Plan, Which Could Restrict Our Ability to Grow.***

We expect that our current capital and our other existing resources will be sufficient only to provide a limited amount of working capital, and the revenues generated from our properties in Argentina and Colombia will not alone be sufficient to fund our operations or planned growth. We will require additional capital to continue to operate our business beyond the initial phase of our current activities and to expand our exploration and development programs to additional properties. We may be unable to obtain additional capital required. Furthermore, inability to attain capital may damage our reputation and credibility with industry participants in the event we cannot close previously announced transactions.



Future acquisitions and future exploration, development, production and marketing activities, as well as our administrative requirements (such as salaries, insurance expenses and general overhead expenses, as well as legal compliance costs and accounting expenses) will require a substantial amount of additional capital and cash flow.

We will immediately require such additional capital and we plan to pursue sources of such capital through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. We may not be successful in locating suitable financing transactions in the time period required or at all, and we may not obtain the capital we require by other means. If we do succeed in raising additional capital, the capital received through our past private offerings to accredited investors may not be sufficient to fund our operations going forward without obtaining additional capital financing. Furthermore, future financings are likely to be dilutive to our stockholders, as we will most likely issue additional shares of common stock or other equity to investors in future financing transactions. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders.

Our ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the oil and gas industry in particular), our status as a new enterprise without a demonstrated operating history, the location of our oil and natural gas properties in developing countries and prices of oil and natural gas on the commodities markets (which will impact the amount of asset-based financing available to us) and/or the loss of key management. Further, if oil and/or natural gas prices on the commodities markets decrease, then our revenues will likely decrease, and such decreased revenues may increase our requirements for capital. Some of the contractual arrangements governing our operations may require us to maintain minimum capital, and we may lose our contract rights (including exploration, development and production rights) if we do not have the required minimum capital. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs (even to the extent that we reduce our operations), we may be required to cease our operations.

***We May Be Unable to Meet Our Capital Requirements in the Future, Causing Us to Curtail Future Growth Plans or Cut Back Existing Operations.***

We may need additional capital in the future, which may not be available to us on reasonable terms or at all. The raising of additional capital may dilute our stockholders' interests. We may need to raise additional funds through public or private debt or equity financings in order to meet various objectives including but not limited to:

- § pursuing growth opportunities, including more rapid expansion;
- § acquiring complementary businesses;
- § making capital improvements to improve our infrastructure;
- § hiring qualified management and key employees;
- § responding to competitive pressures;
- § complying with licensing, registration and other requirements; and
- § maintaining compliance with applicable laws.

Any additional capital raised through the sale of equity may dilute stockholders' ownership percentage in us. This could also result in a decrease in the fair market value of our equity securities because our assets would be owned by a larger pool of outstanding equity. The terms of securities we issue in future capital transactions may be more favorable to our new investors, and may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and issuances of incentive awards under equity employee incentive plans, which may have a further dilutive effect.

Furthermore, any additional financing we may need may not be available on terms favorable to us, or at all. If we are unable to obtain required additional financing, we may be forced to curtail our growth plans or cut back our existing operations.

We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition.

***If We Fail to Make the Cash Calls Required by Our Current Joint Ventures or Any Future Joint Ventures, We May be Required to Forfeit Our Interests in Such Joint Ventures and Our Results of Operations and Our Liquidity Would be Negatively Affected.***

If we fail to make the cash calls required by our joint ventures, we may be required to forfeit our interests in such joint ventures, which could substantially affect the implementation of our business strategy. In connection with our joint venture in Palmar Largo, we have placed approximately \$400,000 in escrow to secure future obligations. This amount is scheduled to be returned to the company in October 2006 unless we are delinquent in any payments. We are required to make periodic cash calls in connection with our joint venture activity. If we fail to make the cash calls required in connection with the joint ventures, we will be subject to certain penalties and eventually would be required to forfeit our interest in the joint venture.

***We May Not Be Able To Effectively Manage Our Growth, Which May Harm Our Profitability.***

Our strategy envisions expanding our business. If we fail to effectively manage our growth, our financial results could be adversely affected. Growth may place a strain on our management systems and resources. We must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must continue to hire, train, supervise and manage new employees. We cannot assure you that we will be able to:

§ expand our systems effectively or efficiently or in a timely manner;

§ allocate our human resources optimally;

§ identify and hire qualified employees or retain valued employees; or

§ incorporate effectively the components of any business that we may acquire in our effort to achieve growth.

If we are unable to manage our growth and our operations our financial results could be adversely affected by inefficiency, which could diminish our profitability.

***Our Business May Suffer If We Do Not Attract and Retain Talented Personnel.***

Our success will depend in large measure on the abilities, expertise, judgment, discretion integrity and good faith of our management and other personnel in conducting the business of Gran Tierra. We have a small management team



consisting of Dana Coffield, our President and Chief Executive Officer, James Hart, our Vice President, Finance and Chief Financial Officer, Max Wei, our Vice President, Operations, and Rafael Orunesu, our Vice President, Latin America. The loss of any of these individuals or our inability to attract suitably qualified staff could materially adversely impact our business. We may also experience difficulties in certain jurisdictions in our efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction. We do not currently carry life insurance for our key employees.

Our success depends on the ability of our management and employees to interpret market and geological data correctly and to interpret and respond to economic market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, our key personnel may not continue their association or employment with Gran Tierra and we may not be able to find replacement personnel with comparable skills. We have sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If we are unable to attract and retain key personnel, our business may be adversely affected.

***Our Management Team Does Not Have Extensive Experience in Public Company Matters, Which Could Impair Our Ability to Comply With Legal and Regulatory Requirements.***

Our management team has had limited U.S. public company management experience or responsibilities, which could impair our ability to comply with legal and regulatory requirements, such as the Sarbanes-Oxley Act of 2002 and applicable federal securities laws including filing required reports and other information required on a timely basis. Our management may not be able to implement and affect programs and policies in an effective and timely manner that adequately respond to increased legal, regulatory compliance and reporting requirements imposed by such laws and regulations. Our failure to comply with such laws and regulations could lead to the imposition of fines and penalties and further result in the deterioration of our business.

***We may not be Able to Continue as a Going Concern.***