

GRAN TIERRA ENERGY, INC.

Form S-1/A

May 04, 2007

Table of Contents

As filed with the Securities and Exchange Commission on May 4, 2007

Registration No. 333- 140171

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

GRAN TIERRA ENERGY INC.

(Exact name of registrant as specified 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 Number)**

300, 611-10th Avenue S.W.

Calgary, Alberta T2R 0B2

Canada

(403) 265-3221

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive
offices)**

Dana Coffield

President & Chief Executive Officer

300, 611-10th Avenue S.W.

Calgary, Alberta T2R 0B2

Canada

(403) 265-3221

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Nancy Wojtas, Esq.

Brett White, Esq.

Cooley Godward Kronish LLP

Five Palo Alto Square

3000 El Camino Real

Palo Alto, CA 94306-2155

(650) 843-5000

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 or continuous basis pursuant to Rule 415 under the Securities Act of 1933, 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. o

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 number of the earlier effective registration statement for the same offering. o

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 that 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.

You should rely only on the information contained in this prospectus and any free-writing prospectus that we authorize to be distributed to you. We have not authorized anyone to provide you with information different from or in addition to that contained in this prospectus or any related free-writing prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders are offering to sell, and are seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock. Our business, financial conditions, results of operations and prospects may have changed since that date.

For investors outside of the United States: We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

TABLE OF CONTENTS

	Page
<u>Summary</u>	2
<u>Risk Factors</u>	4
<u>Special Note Regarding Forward-Looking Statements</u>	18
<u>Dividend Policy</u>	18
<u>Use Of Proceeds</u>	18
<u>Price Range Of Common Stock</u>	18
<u>Selected Financial Data</u>	20
<u>Management's Discussion And Analysis Of Financial Condition And Results Of Operations</u>	21
<u>Business</u>	33
<u>Management</u>	54
<u>Principal And Selling Stockholders</u>	66
<u>Certain Relationships And Related Transactions</u>	101
<u>Description Of Capital Stock</u>	103
<u>Plan Of Distribution</u>	106
<u>Legal Matters</u>	109
<u>Experts</u>	109
<u>Where You Can Find Additional Information</u>	110
<u>Index to Financial Statements</u>	F-1
<u>EXHIBIT 5.1</u>	
<u>EXHIBIT 10.48</u>	
<u>EXHIBIT 10.49</u>	
<u>EXHIBIT 23.2</u>	
<u>EXHIBIT 23.2</u>	

Table of Contents

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 notes 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, Goldstrike, Inc. (Goldstrike), Gran Tierra Energy Inc., a privately-held Alberta corporation which we refer to as 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. (which we refer to as Goldstrike Exchange Co.) 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. Immediately following the transactions, 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. This two step process was part of a single transaction whereby Gran Tierra Canada became a wholly-owned subsidiary of Goldstrike Inc. Additionally, Goldstrike changed its name to Gran Tierra Energy Inc. with the management and business operations of Gran Tierra Canada, but remains incorporated in the State of Nevada.

Following the above-described transaction, our operations and management are substantially the operations and management of Gran Tierra Canada prior to the transactions. The former Gran Tierra Canada was formed by an experienced management team in early 2005, with extensive hands-on experience in oil and natural gas exploration and production in most of the world s principal petroleum producing regions. Our objective is to acquire and exploit international opportunities in oil and natural gas exploration, development and production, focusing on South America. We made our initial acquisition of oil and gas producing and non-producing properties in Argentina in September 2005. In addition, we recently acquired assets in Colombia and other minor interests in Argentina and Peru.

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 - 10th 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.

Table of Contents

The Offering

Common stock currently outstanding (1)	95,455,765 shares
Common stock offered by the selling stockholders (2)	74,447,403 shares
Common stock outstanding after the offering (3)	119,981,369 shares
Use of Proceeds	We will not receive any proceeds from the sale of common stock offered by this prospectus. We will receive the proceeds from any warrant exercises, which we intend to use for general corporate purposes, including for working capital.
OTC Bulletin Board Symbol	GTRE.OB

(1) Amounts are as of April 2, 2007. Includes 49,921,799 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. Also includes 15,873,014 shares of common stock which are issuable upon the exchange of exchangeable shares of Goldstrike Exchange Co., and 948,853 shares that will revert to us as we are contractually

required to
return the
purchase price
to the investors
pursuant to an
escrow
arrangement.

- (2) Includes
24,525,604
shares of
common stock
underlying
warrants issued
to the selling
stockholders.
- (3) Assumes the
full exercise of
all 24,525,604
warrants.

Table of Contents

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 Company With Limited Operating History for You to Evaluate Our Business. We May Never Attain Profitability.

We 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 South America 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, operational difficulties which impact the production, transport or sale of our products, 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 South America 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 eight properties in Argentina, eight properties in Colombia and two properties in Peru. 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, Colombia and Peru, 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.

Table of Contents

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 will depend on developing and maintaining effective 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 cash balances and cash flow from operations 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 obtain 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 and production activities, as well as our general overhead expenses (including salaries, travel, office, consulting, audit and legal costs) 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.

Table of Contents

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 with a limited history, the location of our oil and natural gas properties in South America 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 exploration activity may require us to commit to certain capital expenditures, and we may lose our contract rights if we do not have the required capital to fulfill these commitments. 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 Required to Pay Liquidated Damages in Cash, Which Could Harm Our Ability to Fund Our Business Plan.

The 50,000,000 units we issued in June 2006 have liquidated damages payable each month the registration statement is not declared effective. We have incurred liquidated damages of approximately \$5.2 million through March 31, 2007, and will continue to accrue liquidated damages until the registration statement relating to that offering becomes effective, subject to a maximum amount of \$18,750,000. The investors have the right to take the liquidated damages either in cash or in shares of our common stock, at their election. If we fail to pay the cash payment to an investor entitled thereto by the due date, we will pay interest thereon at a rate of 12% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to such investor, accruing daily from the date such liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. If we are required to pay the investors in cash, this would substantially harm our ability to fund our business plan and question our ability to continue as an ongoing business.

We Are Required to Return a Portion of the Proceeds From Our June 2006 Financing, Which Could Harm Our Ability to Fund Our Business Plan.

In connection with our June 2006 financing, \$1,280,951 of the amount we raised is held in escrow, and the holders of those units have the right to receive their purchase price back under the terms of the escrow agreement because we were unable to obtain a securities laws exemption for those holders by a specified date. As a result, we are contractually required to return the purchase price to them, which could harm our ability to fund our business plan.

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.

Table of Contents

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 convertibles 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. We were required to place \$400,000 in escrow to secure future cash calls in conjunction with the acquisition of our interest at Palmar Largo in Argentina, which funds have now been returned to us. However, in the future we will be required to make periodic cash calls in connection with our Palmar Largo joint venture and other joint ventures where we are not operator, or we may be required to place additional funds in escrow to secure our obligations related to 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, Martin Eden, our Vice President, Finance and Chief Financial Officer, Max Wei, our Vice President, Operations, Rafael Orunesu, our

Table of Contents

President of Gran Tierra activities in Argentina, and Edgar Dyes, our President of Gran Tierra activities in Colombia. 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 successfully and to interpret and respond to economic, market and other business 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.

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

Our consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have a history of net losses that are likely to continue in the future. We have included an explanatory paragraph in Note 1 of our audited financial statements for the year ended December 31, 2006 to the effect that our dependence on equity and debt financing raises substantial doubt about our ability to continue as a going concern. Our accumulated deficit at December 31, 2006 was \$8,043,384. Our financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Our operations must begin to provide sufficient revenues to improve our working capital position. If we are unable to become profitable and cannot generate cash flow from our operating activities sufficient to satisfy our current obligations and meet our capital investment objectives, we may be required to raise additional capital or debt to fund our operations, reduce the scope of our operations or discontinue our operations.

Risks Related to our Prior Business May Adversely Affect our Business.

Before the share exchange transaction between Goldstrike and Gran Tierra Canada, Goldstrike's business involved mineral exploration, with a view towards development and production of mineral assets, including ownership of 32 mineral claim units in a property in British Columbia, Canada and the exploration of this property. We have determined not to pursue this line of business following the share exchange, but could still be subject to claims arising from the former Goldstrike business. These claims may arise from Goldstrike's operating activities (such as employee and labor matters), financing and credit arrangements or other commercial transactions. While no claims are pending and we have no actual knowledge of any threatened claims, it is possible that third parties may seek to make claims against us based on Goldstrike's former business operations. Even if such asserted claims were without merit and we were ultimately found to have no liability for such claims, the defense costs and the distraction of management's attention may harm the growth and profitability of our business. While the relevant definitive agreements executed in connection with the share exchange provide indemnities to us for liabilities arising from the prior business activities of Goldstrike, these indemnities may not be sufficient to fully protect us from all costs and expenses.

Table of Contents

Risks Related to Our Industry

Our Exploration for Oil and Natural Gas Is Risky and May Not Be Commercially Successful, Impairing Our Ability to Generate Revenues from Our Operations.

Oil and natural gas exploration involves a high degree of risk. These risks are more acute in the early stages of exploration. Our expenditures on exploration may not result in new discoveries of oil or natural gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration costs exceed our estimates, or if our exploration efforts do not produce results which meet our expectations, our exploration efforts may not be commercially successful, which could adversely impact our ability to generate revenues from our operations.

We May Not Be Able to Develop Oil and Gas Reserves on an Economically Viable Basis, and Our Reserves and Production May Decline as a Result.

To the extent that we succeed in discovering oil and/or natural gas reserves, we cannot assure that these reserves will be capable of production levels we project or in sufficient quantities to be commercially viable. On a long-term basis, our company's viability depends on our ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, our reserves and production will decline over time as reserves are produced. Our future reserves will depend not only on our ability to develop then-existing properties, but also on our ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas we develop and to effectively distribute our production into our markets.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. While we will endeavor to effectively manage these conditions, we cannot be assured of doing so optimally, and we will not be able to eliminate them completely in any case. Therefore, these conditions could diminish our revenue and cash flow levels and result in the impairment of our oil and natural gas interests.

Estimates of Oil and Natural Gas Reserves that We Make May Be Inaccurate and Our Actual Revenues May Be Lower than Our Financial Projections.

We will make estimates of oil and natural gas reserves, upon which we will base our financial projections. We will make these reserve estimates using various assumptions, including assumptions as to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Some of these assumptions are inherently subjective, and the accuracy of our reserve estimates relies in part on the ability of our management team, engineers and other advisors to make accurate assumptions. Economic factors beyond our control, such as interest rates and exchange rates, will also impact the value of our reserves. The process of estimating oil and gas reserves is complex, and will require us to use significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each property. As a result, our reserve estimates will be inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those we estimate. If actual production results vary substantially from our reserve estimates, this could materially reduce our revenues and result in the impairment of our oil and natural gas interests.

Table of Contents

Drilling New Wells Could Result in New Liabilities, Which Could Endanger Our Interests in Our Properties and Assets.

There are risks associated with the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires and spills. The occurrence of any of these events could significantly reduce our revenues or cause substantial losses, impairing our future operating results. We may become subject to liability for pollution, blow-outs or other hazards. We will obtain insurance with respect to these hazards, but such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to us or could, in an extreme case, result in a total loss of our properties and assets. Moreover, we may not be able to maintain adequate insurance in the future at rates that are considered reasonable. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Decommissioning Costs Are Unknown and May be Substantial; Unplanned Costs Could Divert Resources from Other Projects.

We may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which we use for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as decommissioning. We have determined that we do not require a significant reserve account for these potential costs in respect of any of our current properties or facilities at this time but if decommissioning is required before economic depletion of our properties or if our estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, we may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair our ability to focus capital investment in other areas of our business.

Our Inability to Obtain Necessary Facilities Could Hamper Our Operations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and our access to these facilities may be limited. To the extent that we conduct our activities in remote areas, needed facilities may not be proximate to our operations, which will increase our expenses. Demand for such limited equipment and other facilities or access restrictions may affect the availability of such equipment to us and may delay exploration and development activities. The quality and reliability of necessary facilities may also be unpredictable and we may be required to make efforts to standardize our facilities, which may entail unanticipated costs and delays. Shortages and/or the unavailability of necessary equipment or other facilities will impair our activities, either by delaying our activities, increasing our costs or otherwise.

We are not the Operator of All Our Current Joint Ventures and Therefore the Success of the Projects Held Under Joint Ventures is Substantially Dependent On Our Joint Venture Partners.

As our company does not operate all the joint ventures we are currently involved in, we do not have a direct control over operations. When we participate in decisions as a joint venture partner, we must rely on the operator's disclosure for all decisions. Furthermore, the operator is responsible for the day to day operations of the joint venture including technical operations, safety, environmental compliance, relationships with governments and vendors. As we do not have full control over the activities of our joint ventures, our results of operations are dependent upon the efforts of the operating partner.

We May Have Difficulty Distributing Our Production, Which Could Harm Our Financial Condition.

To sell the oil and natural gas that we are able to produce, we have to make arrangements for storage and distribution to the market. We rely on local infrastructure and the availability of transportation for storage and shipment of our products, but infrastructure development and storage and transportation facilities may be insufficient for our needs at commercially acceptable terms in the localities in which we operate. This could be particularly problematic to the extent that our operations are conducted in remote areas that are difficult to access, such as areas that are distant from shipping and/or pipeline facilities. In certain areas, we may be required to rely on

Table of Contents

only one gathering system, trucking company or pipeline, and, if so, our ability to market our production would be subject to their reliability and operations. These factors may affect our ability to explore and develop properties and to store and transport our oil and gas production and may increase our expenses.

Furthermore, future instability in one or more of the countries in which we will operate, weather conditions or natural disasters, actions by companies doing business in those countries, labor disputes or actions taken by the international community may impair the distribution of oil and/or natural gas and in turn diminish our financial condition or ability to maintain our operations.

Our Oil Sales Will Depend on a Relatively Small Group of Customers, Which Could Adversely Affect Our Financial Results

The entire Argentine domestic refining market is small and export opportunities are limited by available infrastructure. As a result, our oil sales in Argentina will depend on a relatively small group of customers, and currently, on just one customer in the area of our activity in the country. During 2005, we sold all of our production in Argentina to Refinor S.A. The lack of competition in this market could result in unfavorable sales terms which, in turn, could adversely affect our financial results.

Oil sales in Colombia are made to Ecopetrol, a government agency. While oil prices in Colombia are related to international market prices, lack of competition for sales of oil may diminish prices and depress our financial results.

Drilling Oil and Gas Wells and Production and Transportation Activity Could be Hindered by Hurricanes, Earthquakes and Other Weather-Related Operating Risks.

We are subject to operating hazards normally associated with the exploration and production of oil and gas, including blowouts, explosions, oil spills, cratering, pollution, earthquakes, hurricanes, labor disruptions and fires. The occurrence of any such operating hazards could result in substantial losses to us due to injury or loss of life and damage to or destruction of oil and gas wells, formations, production facilities or other properties. During November and December of 2005, our operations in Argentina were negatively effected by heavy rains and flooding in Northern Argentina. This caused trucking delays which prevented delivery of oil to the refinery for several days.

As the majority of current oil production in Argentina is trucked to a local refinery, sales of oil can be delayed by adverse weather and road conditions. While storage facilities are designed to accommodate ordinary disruptions without curtailing production, delayed sales will delay revenues and may adversely impact the company's working capital position. Furthermore, a prolonged disruption in oil deliveries could exceed storage capacities and shut-in production, which could have a negative impact on future production capability.

All of our current oil production in Colombia is transported by an export pipeline which provides the only access to markets for our oil. Without other transportation alternatives, sales of oil could be disrupted by landslides or other natural events which impact this pipeline.

Prices and Markets for Oil and Natural Gas Are Unpredictable and Tend to Fluctuate Significantly, Which Could Reduce Profitability, Growth and the Value of Gran Tierra.

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond our control. World prices for oil and natural gas have fluctuated widely in recent years. The average price for West Texas Intermediate oil in 2000 was \$30 per barrel. In 2006, it was \$66 per barrel. We expect that prices will fluctuate in the future. Price fluctuations will have a significant impact upon our revenue, the return from our reserves and on our financial condition generally. Price fluctuations for oil and natural gas commodities may also impact the investment market for companies engaged in the oil and gas industry. Although during 2006 market prices for oil and natural gas have remained at high levels, these prices may not remain at current levels. Furthermore, prices which we receive for our oil sales, while based on international oil prices, are established by contract with purchasers with prescribed deductions for transportation and quality differences. These differentials can change over time and have a detrimental impact on realized prices. Future decreases in the prices of oil and natural gas may have a material adverse effect on our financial condition, the future results of our operations and quantities of reserves recoverable on an economic basis.

Table of Contents

Our Foreign Operations Involve Substantial Costs and are Subject to Certain Risks Because the Oil and Gas Industries in the Countries in Which We Operate are Less Developed.

The oil and gas industry in South America is not as efficient or developed as the oil and gas industry in North America. As a result, our exploration and development activities may take longer to complete and may be more expensive than similar operations in North America. The availability of technical expertise, specific equipment and supplies may be more limited than in North America. We expect that such factors will subject our international operations to economic and operating risks that may not be experienced in North American operations. In addition, oil and natural gas prices in Argentina are effectively regulated and as a result are substantially lower than those received in North America. Our average price for oil in Argentina in 2006 was \$34.75 per barrel compared to the average West Texas Intermediate price of \$66 per barrel for the year. Oil prices in Colombia are related to international market prices, but adjustments that are defined by contract with Ecopetrol, a government agency and the purchaser of all oil that we produce in Colombia, may cause realized prices to be lower than those received in North America, meaning that our revenue and gross profit may be lower compared to similar production levels in North America. Our average oil price in Colombia in 2006 was \$52.33 per barrel.

Negative Economic, Political and Regulatory Developments in Argentina, Including Export Controls May Negatively Effect our Operations.

The Argentine economy has experienced volatility in recent decades. This volatility has included periods of low or negative growth and variable levels of inflation. Inflation was at its peak in the 1980 s and early 1990 s. In late-2001 there was a deep fiscal crisis in Argentina involving restrictions on banking transactions, imposition of exchange controls, suspension of payment of Argentina s public debt and abrogation of the one-to one peg of the peso to the dollar. For the next year, Argentina experienced contractions in economic growth, increasing inflation and a volatile exchange rate. Currently, GDP is growing, inflation is normalized, and public finances are strengthened. However, there is no guarantee of economic stability. Any de-stabilization may seriously impact the economic viability of operations in the country or restrict the movement of cash into and out of the country, which would impair current activity and constrain growth in the country.

On June 3, 2002, the Argentine government issued a resolution authorizing the Energy Secretariat to limit the amount of crude oil that companies can export. The restriction was to be in place from June 2002 to September 2002. However, on June 14, 2002, the government agreed to abandon the limit on crude export volumes in exchange for a guarantee from oil companies that domestic demand will be supplied. Oil companies also agreed not to raise natural gas and related prices to residential customers during the winter months and to maintain gasoline, natural gas and oil prices in line with those in other South American countries. Any future regulations that limit the amount of oil and gas that we could sell or any regulations that limit price increases in Argentina and elsewhere could severely limit the amount of our revenue and affect our results of operations.

The United States Government May Impose Economic or Trade Sanctions on Colombia That Could Result In A Significant Loss To Us.

Colombia is among several nations whose progress in stemming the production and transit of illegal drugs is subject to annual certification by the President of the United States. Although Colombia has received a 2006 certification, there can be no assurance that, in the future, Colombia will receive certification or a national interest waiver. The failure to receive certification or a national interest waiver may result in any of the following:

all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended,

the Export-Import Bank of the United States and the Overseas Private Investment Corporation would not approve financing for new projects in Colombia,

United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia , although such votes would not constitute vetoes, and

the President of the United States and Congress would retain the right to apply future trade sanctions.

Table of Contents

Each of these consequences could result in adverse economic consequences in Colombia and could further heighten the political and economic risks associated with our operations there. Any changes in the holders of significant government offices could have adverse consequences on our relationship with the Colombian national oil company and the Colombian government's ability to control guerrilla activities and could exacerbate the factors relating to our foreign operations. Any sanctions imposed on Colombia by the United States government could threaten our ability to obtain necessary financing to develop the Colombian properties or cause Colombia to retaliate against us, including by nationalizing our Argosy assets. Accordingly, the imposition of the foregoing economic and trade sanctions on Colombia would likely result in a substantial loss and a decrease in the price of our common stock. There can be no assurance that the United States will not impose sanctions on Colombia in the future, nor can we predict the effect in Colombia that these sanctions might cause.

Guerrilla Activity in Colombia Could Disrupt or Delay Our Operations, and We Are Concerned About Safeguarding Our Operations and Personnel in Colombia.

A 40-year armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups - both funded by the drug trade - continues in Colombia. Insurgents continue to attack civilians and violent guerilla activity continues in many parts of the country.

We, through our acquisition of Argosy Energy International, have interests in three regions of Colombia - in the Middle Magdalena, Llanos and Putamayo regions. The Putamayo region has been prone to guerilla activity in the past. In 1989, Argosy's facilities in one field were attacked by guerillas and operations were briefly disrupted. Pipelines have also been targets, including the Trans-Andean export pipeline which transports oil from the Putamayo region.

There can be no assurance that continuing attempts to reduce or prevent guerilla activity will be successful or that guerilla activity will not disrupt our operations in the future. There can also be no assurance that we can maintain the safety of our operations and personnel in Colombia or that this violence will not affect our operations in the future. Continued or heightened security concerns in Colombia could also result in a significant loss to us.

Increases in Our Operating Expenses will Impact Our Operating Results and Financial Condition.

Exploration, development, production, marketing (including distribution costs) and regulatory compliance costs (including taxes) will substantially impact the net revenues we derive from the oil and gas that we produce. These costs are subject to fluctuations and variation in different locales in which we will operate, and we may not be able to predict or control these costs. If these costs exceed our expectations, this may adversely affect our results of operations. In addition, we may not be able to earn net revenue at our predicted levels, which may impact our ability to satisfy our obligations.

Penalties We May Incur Could Impair Our Business.

Our exploration, development, production and marketing operations are regulated extensively under foreign, federal, state and local laws and regulations. Under these laws and regulations, we could be held liable for personal injuries, property damage, site clean-up and restoration obligations or costs and other damages and liabilities. We may also be required to take corrective actions, such as installing additional safety or environmental equipment, which could require us to make significant capital expenditures. Failure to comply with these laws and regulations may also result in the suspension or termination of our operations and subject us to administrative, civil and criminal penalties, including the assessment of natural resource damages. We could be required to indemnify our employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result of these laws and regulations, our future business prospects could deteriorate and our profitability could be impaired by costs of compliance, remedy or indemnification of our employees, reducing our profitability.

Environmental Risks May Adversely Affect Our Business.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal

Table of Contents

laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner we expect may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to foreign governments and third parties and may require us to incur costs to remedy such discharge. The application of environmental laws to our business may cause us to curtail our production or increase the costs of our production, development or exploration activities.

Our Insurance May Be Inadequate to Cover Liabilities We May Incur.

Our involvement in the exploration for and development of oil and natural gas properties may result in our becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although we will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, we may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to us. If we suffer a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, we could be required to divert funds from capital investment or other uses towards covering our liability for such events.

Our Business is Subject to Local Legal, Political and Economic Factors Which are Beyond Our Control, Which Could Impair Our Ability to Expand Our Operations or Operate Profitably.

We expect to operate our business in Argentina, Colombia and Peru, and to expand our operations into other countries in the world. Exploration and production operations in foreign countries are subject to legal, political and economic uncertainties, including terrorism, military repression, interference with private contract rights (such as privatization), extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls and other laws or policies affecting environmental issues (including land use and water use), workplace safety, foreign investment, foreign trade, investment or taxation, as well as restrictions imposed on the oil and natural gas industry, such as restrictions on production, price controls and export controls. Central and South America have a history of political and economic instability. This instability could result in new governments or the adoption of new policies, laws or regulations that might assume a substantially more hostile attitude toward foreign investment. In an extreme case, such a change could result in termination of contract rights and expropriation of foreign-owned assets. Any changes in oil and gas or investment regulations and policies or a shift in political attitudes in Argentina, Colombia, Peru or other countries in which we intend to operate are beyond our control and may significantly hamper our ability to expand our operations or operate our business at a profit.

For instance, changes in laws in the jurisdiction in which we operate or expand into with the effect of favoring local enterprises, changes in political views regarding the exploitation of natural resources and economic pressures may make it more difficult for us to negotiate agreements on favorable terms, obtain required licenses, comply with regulations or effectively adapt to adverse economic changes, such as increased taxes, higher costs, inflationary pressure and currency fluctuations.

Local Legal and Regulatory Systems in Which We Operate May Create Uncertainty Regarding Our Rights and Operating Activities, Which May Harm Our Ability to do Business.

We are a company organized under the laws of the State of Nevada and are subject to United States laws and regulations. The jurisdictions in which we intend to operate our exploration, development and production activities may have different or less developed legal systems than the United States, which may result in risks such as:

effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain;

Table of Contents

a higher degree of discretion on the part of governmental authorities;

the lack of judicial or administrative guidance on interpreting applicable rules and regulations;

inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and

relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for business. These licenses and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Property right transfers, joint ventures, licenses, license applications or other legal arrangements pursuant to which we operate may be adversely affected by the actions of government authorities and the effectiveness of and enforcement of our rights under such arrangements in these jurisdictions may be impaired.

We are Required to Obtain Licenses and Permits to Conduct Our Business and Failure to Obtain These Licenses Could Cause Significant Delays and Expenses That Could Materially Impact Our Business.

We are subject to licensing and permitting requirements relating to drilling for oil and natural gas. We cannot assure you that we will be able to obtain, sustain or renew such licenses. We cannot assure you that regulations and policies relating to these licenses and permits will not change or be implemented in a way that we do not currently anticipate. These licenses and permits are subject to numerous requirements, including compliance with the environmental regulations of the local governments. As we are not the operator of all the joint ventures we are currently involved in, we may rely on the operator to obtain all necessary permits and licenses. If we fail to comply with these requirements, we could be prevented from drilling for oil and natural gas, and we could be subject to civil or criminal liability or fines. Revocation or suspension of our environmental and operating permits could have a material adverse effect on our business, financial condition and results of operations.

Challenges to Our Properties May Impact Our Financial Condition.

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. While we intend to make appropriate inquiries into the title of properties and other development rights we acquire, title defects may exist. In addition, we may be unable to obtain adequate insurance for title defects, on a commercially reasonable basis or at all. If title defects do exist, it is possible that we may lose all or a portion of our right, title and interest in and to the properties to which the title defects relate.

Furthermore, applicable governments may revoke or unfavorably alter the conditions of exploration and development authorizations that we procure, or third parties may challenge any exploration and development authorizations we procure. Such rights or additional rights we apply for may not be granted or renewed on terms satisfactory to us.

If our property rights are reduced, whether by governmental action or third party challenges, our ability to conduct our exploration, development and production may be impaired.

Foreign Currency Exchange Rate Fluctuations May Affect Our Financial Results.

We expect to sell our oil and natural gas production under agreements that will be denominated in United States dollars and foreign currencies. Many of the operational and other expenses we incur will be paid in the local currency of the country where we perform our operations. Our production is generally invoiced in United States dollars, but payment is also made in Argentine and Colombian pesos, at the then-current exchange rate. As a result, we are exposed to translation risk when local currency financial statements are translated to United States dollars, our company's functional currency. Since we began operating in Argentina (September 1, 2005), the rate of exchange between the Argentine peso and US dollar has varied between 2.97 pesos to one US dollar to 3.13 pesos to the US dollar, a fluctuation

Table of Contents

of approximately 5%. Exchange rates between the Colombian peso and US dollar have varied between 2,168 pesos to one US dollar to 2,640 pesos to one US dollar since September 1, 2005, a fluctuation of approximately 22%. As currency exchange rates fluctuate, translation of the statements of income of international businesses into United States dollars will affect comparability of revenues and expenses between periods.

Exchange Controls and New Taxes Could Materially Affect our Ability to Fund Our Operations and Realize Profits from Our Foreign Operations.

Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends that we receive from foreign subsidiaries.

Exchange controls may prevent us from transferring funds abroad. For example, the Argentine government has imposed a number of monetary and currency exchange control measures that include restrictions on the free disposition of funds deposited with banks and tight restrictions on transferring funds abroad, with certain exceptions for transfers related to foreign trade and other authorized transactions approved by the Argentine Central Bank. We cannot assure you that the Central Bank will not require prior authorization or will grant such authorization for our Argentine subsidiaries to make dividend payments to us and we cannot assure you that there will not be a tax imposed with respect to the expatriation of the proceeds from our foreign subsidiaries.

We Will Rely on Technology to Conduct Our Business and Our Technology Could Become Ineffective Or Obsolete.

We rely on technology, including geographic and seismic analysis techniques and economic models, to develop our reserve estimates and to guide our exploration and development and production activities. We will be required to continually enhance and update our technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial, and may be higher than the costs that we anticipate for technology maintenance and development. If we are unable to maintain the efficacy of our technology, our ability to manage our business and to compete may be impaired. Further, even if we are able to maintain technical effectiveness, our technology may not be the most efficient means of reaching our objectives, in which case we may incur higher operating costs than we would were our technology more efficient.

Risks Related to Our Common Stock

The Market Price of Our Common Stock May Be Highly Volatile and Subject to Wide Fluctuations.

The market price of our common stock may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including:

dilution caused by our issuance of additional shares of common stock and other forms of equity securities, which we expect to make in connection with future capital financings to fund our operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies;

announcements of new acquisitions, reserve discoveries or other business initiatives by our competitors;

fluctuations in revenue from our oil and natural gas business as new reserves come to market;

changes in the market for oil and natural gas commodities and/or in the capital markets generally;

changes in the demand for oil and natural gas, including changes resulting from the introduction or expansion of alternative fuels; and

changes in the social, political and/or legal climate in the regions in which we will operate.

Table of Contents

In addition, the market price of our common stock could be subject to wide fluctuations in response to: quarterly variations in our revenues and operating expenses;

changes in the valuation of similarly situated companies, both in our industry and in other industries;

changes in analysts' estimates affecting our company, our competitors and/or our industry;

changes in the accounting methods used in or otherwise affecting our industry;

additions and departures of key personnel;

announcements of technological innovations or new products available to the oil and natural gas industry;

announcements by relevant governments pertaining to incentives for alternative energy development programs;

fluctuations in interest rates, exchange rates and the availability of capital in the capital markets; and

significant sales of our common stock, including sales by the investors following registration of the shares of common stock under the registration statement of which this prospectus is a part and/or future investors in future offerings we expect to make to raise additional capital.

These and other factors are largely beyond our control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of our common stock and/or our results of operation and financial condition.

Our Operating Results May Fluctuate Significantly, and These Fluctuations May Cause Our Stock Price to Decline.

Our operating results will likely vary in the future primarily from fluctuations in our revenues and operating expenses, including the coming to market of oil and natural gas reserves that we are able to develop, expenses that we incur, the prices of oil and natural gas in the commodities markets and other factors. If our results of operations do not meet the expectations of current or potential investors, the price of our common stock may decline.

We Do Not Expect to Pay Dividends In the Foreseeable Future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, investors will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in our common stock.

Applicable SEC Rules Governing the Trading of Penny Stocks Limit the Trading and Liquidity of Our Common Stock, Which May Affect the Trading Price of the Common Stock.

Our shares of common stock may be considered a penny stock and be subject to SEC rules and regulations which impose limitations upon the manner in which such shares may be publicly traded and regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks generally are equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held

Table of Contents

in the customer's account. In addition, the penny stock rules generally require that before a transaction in a penny stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules which may increase the difficulty investors may experience in attempting to liquidate such securities.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). This prospectus 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, like, and/or future-tense or conditional constructions 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 prospectus reflect the good faith judgment of our 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 prospectus. 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 prospectus, 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 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. 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.

DIVIDEND POLICY

We have never declared or paid any dividends on our capital stock. We currently intend to retain any future earnings to fund the development and expansion of our business, and therefore we do not anticipate paying cash dividends on our common stock in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors. In addition, under the terms of our credit facility with Standard Bank Plc, we are required to obtain the approval of the Bank for any dividend payments made by us exceeding \$2 million in any fiscal year.

USE OF PROCEEDS

We will not receive any proceeds from the sale by the selling stockholders of our common stock. We will receive approximately \$42,919,807 if the selling stockholders exercise their warrants in full. The warrant holders may exercise their warrants at any time until their expiration, as further described in the Description of Securities. Because the warrant holders may exercise the warrants in their own discretion, we cannot plan on specific uses of proceeds beyond application of proceeds to general corporate purposes. These proceeds will be used for general corporate purposes and capital expenditures. We have agreed to bear the expenses in connection with the registration of the common stock being offered hereby by the selling stockholders.

PRICE RANGE OF COMMON STOCK

Our common stock was first cleared for quotation on the OTC bulletin board on November 11, 2005 and has been trading since that time under the symbol GTRE.OB.

Table of Contents

As of April 2, 2007 there were approximately 503 holders of record of shares of our common stock (including holders of exchangeable shares).

On May 2, 2007, the last reported sales price of our shares on the OTC bulletin board was \$1.21. For the periods indicated, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

	High	Low
Second Quarter (through May 2, 2007)	\$1.34	\$1.01
First Quarter 2007	\$1.64	\$0.88
Fourth Quarter 2006	\$1.75	\$1.10
Third Quarter 2006	\$3.67	\$1.47
Second Quarter 2006	\$5.01	\$2.96
First Quarter 2006	\$5.95	\$3.02
November 11 through Dec 2005	\$2.80	\$1.50

As of April 12, 2007, there are 95,455,765 shares of common stock issued and outstanding, which number includes shares of common stock issuable upon exchange of the exchangeable shares of Goldstrike Exchange Co. issued to former holders of Gran Tierra Canada's common stock.

Equity Compensation Plan

Securities authorized for issuance under equity compensation plans as of December 31, 2006 are as follows:

Plan category	Number of securities to be issued upon exercise of options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	1,520,000	\$ 1.12	480,000
Equity compensation plans not approved by security holders	1,180,000	\$ 1.27	
Total	2,700,000		480,000

The only equity compensation plan approved by our stockholders is our 2005 Equity Incentive Plan, under which our board of directors is authorized to issue options or other rights to acquire up to 2,000,000 shares of our common stock. On November 8, 2006, our board of directors granted options to acquire 1,180,000 shares of common stock at an exercise price of \$1.27 per share, which options cannot be exercised, and will be rescinded, if our stockholders do not approve an increase in the number of shares authorized under the 2005 Equity Incentive Plan sufficient to permit the issuance of the shares issuable upon exercise of these additional stock options. These stock options are reflected in the table above as not being approved by security holders. In addition, in 2007 through May 2, 2007, the Board granted options to acquire an additional 850,000 shares of common stock at a weighted average exercise price of \$1.25 per share, which options cannot be exercised, and will be rescinded, if our stockholders do not approve an increase in the number of shares authorized under the 2005 Equity Incentive Plan sufficient to permit the issuance of the shares issuable upon exercise of these additional stock options.

Table of Contents**SELECTED FINANCIAL DATA**

The following selected summary consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and audited financial statements included in this prospectus. Our results of operations in 2005 are for the period of incorporation, which was January 26, 2005, to December 31, 2005. All dollar amounts are in US dollars.

	Year Ended December 31,	
	2006	2005
Results of Operations		
Revenues		
Oil sales	\$ 11,645,553	\$ 946,098
Natural gas sales	75,488	113,199
Interest	351,872	
Total revenues	12,072,913	1,059,297
Expenses		
Operating	4,233,470	395,287
Depletion, depreciation and accretion	4,088,437	462,119
General and administrative	6,998,805	2,482,070
Liquidated damages	1,527,988	
Foreign exchange loss	370,538	(31,271)
Total expenses	17,219,237	3,308,205
Loss before income tax	(5,146,324)	(2,248,908)
Income tax	(677,380)	29,228
Net loss	\$ (5,823,704)	\$ (2,219,680)
Net loss per common share - basic and diluted	\$ (0.08)	\$ (0.16)
Cash Flows		
Operating activities	\$ (829,618)	\$ (1,876,638)
Investing activities	(46,672,884)	(9,108,022)
Financing activities	69,381,827	13,206,116
Increase in cash	\$ 21,879,325	\$ 2,221,456
	December 31,	
	2006	2005
Financial Position		
Cash and cash equivalents	\$ 24,100,780	\$ 2,221,456
Working capital (including cash)	14,274,644	2,764,643
Total assets	105,910,809	12,371,131
Deferred taxes	9,875,657	

Other long-term Liabilities	740,681	67,732
Shareholders equity	76,194,779	11,039,347

We made our initial acquisition of oil and gas producing and non-producing properties in Argentina in September 2005 for a total purchase price of approximately \$7 million. Prior to that time we had no revenues. In June 2006, we acquired our Argosy assets for consideration of \$37.5 million cash, 870,647 shares of our common stock and overriding and net profit interests in certain assets valued at \$1 million. See **Business** for a description of these acquisitions.

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and notes thereto. Except for the historical information contained herein, the matters discussed below are forward-looking statements that involve risks and uncertainties, including, among others, the risks and uncertainties discussed below.

Overview

We are an independent international energy company involved in oil and natural gas exploration, development and production. We plan to continually increase our oil and natural gas reserves through a balanced strategy of exploration drilling, development and acquisitions in South America. Initial countries of interest are Argentina, Colombia and Peru.

We took our current form on November 10, 2005 when the former Gran Tierra Energy Inc, a privately held corporation in Alberta (Gran Tierra Canada), was acquired by an indirect subsidiary of Goldstrike Inc, a Nevada corporation, which was publicly traded on the OTC Bulletin Board. Goldstrike adopted the assets, management, business operations, business plan and name of Gran Tierra Canada. The predecessor company in the transaction was the former Gran Tierra Canada; the financial information of the former Goldstrike was eliminated at consolidation. This transaction is accounted for as a reverse takeover of Goldstrike Inc. by Gran Tierra Canada.

Prior to September 1, 2005, we had no oil and gas interests or properties. In September 2005 and during 2006 we acquired oil and gas interests and properties in Argentina, Colombia and Peru.

On September 1, 2005, we acquired a 14% non-operating interest in the Palmar Largo joint venture in Argentina, involving several producing fields. At the same time, we acquired interests in two minor properties in Argentina, comprising a 50% interest in the Nacatimbay block, which produces minor volumes of natural gas and associated liquids from a single well, and a 50% interest in the Ipaguazu block, a non-producing property. The total cost of these acquisitions was approximately \$7 million.

Effective June 30, 2006, we closed a farm-in arrangement with Golden Oil Corporation whereby we purchased 50% of the El Vinalar producing block in Argentina for \$950,000. We also agreed to pay 100% of the first \$2.7 million in costs of a sidetrack well related to this farm-in agreement.

On February 15, 2006, we made an offer to acquire the interests of CGC in eight properties in Argentina. On November 2, 2006, we closed the purchase of interests in four properties for a total purchase price of \$2.1 million. The assets purchased include a 93.18% participation interest in the Valle Morado block, a 100% interest in the Santa Victoria block and the remaining 50% interests in the Nacatimbay and Ipaguazu blocks.

On December 1, 2006, we closed the purchase of interests in two other properties from CGC, including a 100% interest in the El Chivil block and a 100% participation interest in the Surubi block, each located in the Noroeste Basin of Argentina, for a total purchase price of \$2.5 million. We also purchased the remaining 25% minority interest in each property from the joint venture partner for a total purchase price of \$280,000.

The total purchase price in 2006 for the acquisition of CGC's interests in all six properties was \$4.6 million. Post-closing adjustments, which reflect original values assigned to the properties, amended terms, revenues and costs from the effective date of January 1, 2006, were approximately \$3.8 million which was paid in January 2007.

We began operations in Colombia on June 20, 2006 through the acquisition of Argosy Energy International L.P. (Argosy). The Argosy assets consist of interests in a portfolio of producing and non-producing assets in Colombia. We entered into a Securities Purchase Agreement dated May 25, 2006 with Crosby Capital LLC to acquire all of the limited partnership interests of Argosy and all of the issued and outstanding capital stock of Argosy Energy Corp. On June 20, 2006 we closed the Argosy acquisition and paid consideration to Crosby consisting of \$37.5 million cash, 870,647 shares of our common stock and overriding and net profit interests in certain of Argosy's assets valued at \$1 million. The value of the overriding and net profit interests was based on present value of expected future cash flows.

Table of Contents

We signed a License Contract with PeruPetro S.A. for the Exploration and Exploitation of Hydrocarbons covering Block 122 in Peru on June 8, 2006. Terms of the License define a seven-year exploration term with four periods, each with minimum work obligations. The minimum commitment for the first work period, which is mandatory, is \$0.5 million. The potential commitment over the seven-year period, at our option, is \$5.0 million and includes technical studies, seismic acquisition and the drilling of one exploration well. The License Contract defines an exploitation term of thirty years for commercial discoveries of oil. Block 122 covers 1.2 million acres. Final ratification by the government of Peru occurred on November 3, 2006. A second License Contract for the adjacent Block 128 was subsequently awarded and ratified on December 12, 2006. This second License encompasses 2.2 million acres and has the same terms as that for Block 122.

The acquisitions were funded through a private placement of our securities that occurred between September 2005 and February 2006 and an additional private placement that occurred in June 2006.

In the fourth quarter of 2005 and the first quarter of 2006 we sold 15 million units of our securities for gross proceeds of \$12 million, less issue costs of \$800,000, for net proceeds of \$11.2 million. Each unit consisted of one share of common stock and one warrant to purchase one half of a common share for five years at an exercise price of \$1.25 per whole share.

In June, 2006 we sold 50,000,000 units of our securities for total proceeds of \$75,000,000, less issue costs of \$6,306,699, for net proceeds of \$68,693,301. Each unit consisted of one share of common stock and one warrant to purchase one half a common share for five years at an exercise price of \$1.75 per whole share.

Effective February 28, 2007, we secured a \$50 million credit facility with Standard Bank Plc. The credit facility has a three-year term and an initial borrowing base of \$7 million. No amounts have been drawn-down under the facility.

The shares of common stock and warrants to purchase common shares issued in 2005 and 2006 have registration rights associated with their issuance pursuant to which we agreed to register for resale the shares and warrants. In the event that the registration statements are not declared effective by the SEC by specified dates, we are required to pay liquidated damages to the purchasers of the shares and warrants.

The 15,047,606 units issued in the fourth quarter of 2005 and first quarter of 2006 have liquidated damages payable in the amount of 1% of the purchase price for each unit per month payable each month the registration statement is not declared effective beyond the mandatory effective date (July 10th, 2006). The total amount recorded and paid at December 31, 2006 for these liquidated damages is \$269,923, which is the maximum amount payable. The registration statement was declared effective by the SEC on February 14, 2007.

The 50,000,000 units issued in June 2006 have liquidated damages payable each month the registration statement is not declared effective beyond the mandatory effective date (November 17, 2006), calculated as follows:

- 1% of the purchase price for the 1st month after the mandatory effective date
- 1.5% of the purchase price for the 2nd and 3rd month after the mandatory effective date
- 2% of the purchase price for the 4th and 5th months after the mandatory effective date and
- 1/2% increase each quarter thereafter

The investors have the right to take the liquidated damages either in cash or in shares of our common stock, at their election. If we fail to pay the cash payment to an investor entitled thereto by the due date, we will pay interest thereon at a rate of 12% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to such investor, accruing daily from the date such liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The total amount of liquidated damages shall not exceed 25% of the purchase price for the units or \$18,750,000.

We incurred the obligation to pay approximately \$1,258,000 in liquidated damages as at December 31, 2006, which amount has been recorded as liquidated damages expense in the consolidated statement of operations, and incurred additional liquidated damages in the amounts of \$4,132,150 at March 31, 2007 and \$1,283,850 at April 30, 2007, for a cumulative liability of \$6,629,000. We intend to seek a waiver from our investors of such liquidated damages but we may not be successful.

In April 2007 investors holding 948,853 units exercised their right to have us return their purchase price to them, and thus these units will revert back to us. No other investors have the right to cause us to return the purchase price for

their units.

Table of Contents

Our ability to continue as a going concern is dependent upon obtaining the necessary financing to acquire oil and natural gas interests and generating profitable operations from our oil and natural gas interests in the future. Our financial statements as at and for the year ended December 31, 2006 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. We incurred a net loss of \$5,823,704 for the year ended December 31, 2006, and, as at December 31, 2006, we had a deficit of \$8,043,384. We expect to incur substantial expenditures to further our capital investment programs and our cash flow from operating activities and current cash balances may not be sufficient to satisfy our current obligations and meet our capital investment objectives. We intend to explore opportunities as they arise, including raising additional capital, pursuing acquisitions of assets or other companies or a merger with another company, and selling or co-partnering development of some of our assets, to achieve our financing needs. We may not be successful in such pursuits.

To address our ability to continue as a going concern, we have raised additional capital through the sale and issuance of common shares, and may do so again in the future. We plan to expand our portfolio of production, development, step-out and exploration opportunities using additional equity financing, cash provided from future operating activities, and the bank credit facility. Additional equity financing may not be available to us on attractive terms, if at all. Further, funds available under our bank credit facility are limited to the amount of the borrowing base, as determined by the bank semi-annually, up to a maximum of \$50 million and provided that we are able to make the required representations to our lender.

We currently generate the majority of our revenue and cash flow from the production and sale of crude oil in Argentina and Colombia. The selling prices for our crude oil production are based on international oil prices, which historically have been volatile. In 2007, our production may be subject to natural production declines, and our revenues may be impacted by international oil prices, which are uncertain. Results from operations may also be affected by drilling efforts and planned remedial work programs. Our drilling and work plans for 2007 are expected to be funded from available cash, anticipated cash flow from operations, and a bank credit facility. Oil price declines combined with unexpected costs may require additional equity and/or debt financing during the year. Increases in the borrowing base under our credit facility are dependent on our success in increasing oil and gas reserves and dependent on future oil prices.

Our financial results for 2006 and 2005 are principally impacted by acquisitions of oil and gas interests in Argentina and Colombia in the third quarter of 2005 and the second and fourth quarters of 2006, as described above, which affected our results of operations. Our financial condition has also been affected by the equity financings described above.

The operating results for 2006 include a full year of activities at Palmar Largo, two months at Nacatimbay before production was suspended on March 1 and two months after production was reinstated on November 1, six months of activities at El Vinalar beginning July 1, 2006 and one month of activities at Chivil, commencing December 1, and the Argosy acquisitions in Colombia from June 21, 2006. The operating results and financial position for 2005 reflect our incorporation on January 26, 2005 and the commencement of oil and gas operations in Argentina on September 1, 2005.

Results of Operations for the years ended December 31, 2006 and 2005***Revenues***

Revenues for the year ended December 31, 2006 were \$12,072,913 compared to \$1,059,297 for the year ended December 31, 2005. The increase in revenues is due primarily to the inclusion of a full year of Argentina operations and the acquisition of the Colombian properties in June 2006. In Argentina, the 2006 results include a full year of activities at Palmar Largo, four months at Nacatimbay, six months of activities at El Vinalar beginning July 1, 2006, and one month of activities at Chivil, commencing December 1. Revenues in 2005 reflect only the Argentina operations for a 4-month period from September 1, 2005, the date of acquisition of the Palmar Largo and Nacatimbay properties.

In Argentina, crude oil production after 12% royalties for the year ended December 31, 2006 was 115,420 barrels, including 103,982 barrels from Palmar Largo for the full year, 7,872 barrels from El Vinalar for the period July 1 to December 31, 2006, and 3,567 barrels from Chivil for December 1 to December 31, 2006. Average daily production

for these periods was 285 barrels from Palmar Largo, 43 barrels from El Vinalar and 115 barrels from Chivil. In addition, production of condensate from Nacatimbay after royalties was 363 barrels, or an average of
23

Table of Contents

12 barrels per day for the period. In 2005, crude oil production after royalties of 12%, for the four-month period from September 1 (acquisition date of the Argentina properties) to December 31, 2005, was 36,011 barrels from Palmar Largo, or an average of approximately 293 barrels per day. In addition, production of condensate from Nacatimbay averaged 5 barrels per day for the period.

In Argentina, oil sales after 12% royalties were 127,712 barrels for the year ended December 31, 2006 including 118,121 barrels from Palmar Largo for the full year, 7,644 barrels from El Vinalar for the period July 1 to December 31, 2006, and 1,947 barrels from Chivil for December 1 to December 31, 2006. Average daily sales for these periods were 324 barrels from Palmar Largo, 42 barrels from El Vinalar and 63 barrels from Chivil. In addition, sales of condensate after royalties were 363 barrels for the year. Natural gas sales at Nacatimbay, which had been shut in for most of 2005, were 41,447 thousand cubic feet, after 12% royalty, for the period, or 345 thousand cubic feet per day. Oil sales at Palmar Largo during 2005 were reduced to 25,132, or an average of 206 barrels per day, due to severe weather conditions in Northern Argentina, as extreme rainfall and poor road conditions curtailed tanker truck traffic through November and December 2005. As a result, oil inventory increased to 13,948 barrels by December 31, 2005. Natural gas sales at Nacatimbay for the period averaged 494 thousand cubic feet per day, after 12% royalty.

In Argentina, net revenue for the year ended December 31, 2006, after deducting royalties at an average royalty rate of 12% of production revenue, and after deducting turnover taxes, was \$5,033,363 for oil and \$75,488 for natural gas and condensate. Net revenue for the period from incorporation on January 26, 2005 to December 31, 2005 was \$1,059,297, reflecting an average royalty rate of 12% of production revenue, including \$946,098 from oil at Palmar Largo and \$113,199 from natural gas and condensate at Nacatimbay.

Average sales price for Palmar Largo oil in 2006 was \$34.75 per barrel (2005 \$37.80 per barrel). Average sales prices at Nacatimbay were \$36.37 per barrel of condensate (2005 \$37.58 per barrel) and \$1.74 per thousand cubic feet of natural gas (2005 \$1.50 per thousand cubic feet of natural gas). Oil and natural gas prices are effectively regulated in Argentina.

In Colombia, we recorded production and results of operations beginning June 21, 2006 in conjunction with our acquisition of Argosy. We recorded no production in 2005. Production after royalties was 134,269 barrels for the period from June 21 to December 31, 2006, comprising 70,746 barrels from the Santana block and 63,523 barrels from the Guayuyaco block, representing an average production rate of 692 barrels per day for the period. Oil sales were 129,209 barrels for the period from June 21 to December 31, 2006, or 666 barrels per day on average during the period.

In Colombia, net revenue was \$6,612,190 for the year ended December 31, 2006, reflecting royalty rates of 20% for the Santana block and 8% for the Guayuyaco block. The average sales price for oil in 2006 was \$52.33 per barrel.

Interest revenue earned on our cash deposits was \$351,872 for the year ended December 31, 2006 and none in 2005.

Operating Expenses

For the year ended December 31, 2006, operating expenses were \$4,233,470 compared to \$395,287 in 2005, reflecting the inclusion in 2006 of a full year of Argentine operating activities at Palmar Largo, four months at Nacatimbay, six months of activities at El Vinalar beginning July 1, 2006 and one month at Chivil commencing December 1, and six months plus ten days of operations in Colombia beginning June 21, 2006.

In Argentina, operating expenses for 2006 totaled \$2,846,705 (approximating \$20.37 per barrel), primarily at Palmar Largo including an inventory adjustment of \$409,582 (\$2.93 per barrel) due to an underlift of crude oil volumes by a partner in the Palmar Largo joint venture. As of December 31, 2006, we have accrued the impact of an agreement among the joint venture partners providing for the recovery of underlifted volumes. Operating expenses totaled \$395,287 for the period from incorporation on January 26, 2005 to December 31, 2005, representing four months of operations in Argentina. This equates to an average operating cost of \$8.90 per barrel of oil equivalent (natural gas conversion 20 to 1). Operating costs for 2006 have increased primarily due to workover activity at Palmar Largo. Work over costs are treated as an operating expense.

Table of Contents

In Colombia, operating expenses were \$1,386,765 in 2006 or \$10.71 per barrel for the period June 21 to December 31, 2006. We have no comparative data for 2005 because the business was acquired during 2006.

Depletion, depreciation and accretion

Depreciation, depletion and accretion was \$4,088,437 for 2006, including accretion of asset retirement obligations of \$5,061, compared to \$462,119 in 2005, reflecting the inclusion of a full year of operations at Palmar Largo, additional Argentina acquisitions in 2006, and the inclusion of Colombia operations in June 2006. The majority of the 2006 expense represents the depletion of oil and gas assets in Argentina and the newly acquired Colombia properties. Depreciation, depletion and accretion recorded in 2005 primarily relates to the depletion of the acquisition cost for the Argentina properties.

General and Administrative

General and administrative costs for 2006 were \$6,998,805, including staffing and other costs for our offices in Calgary, Argentina and Colombia. This represented a \$4,516,735 or a 182% increase over 2005 costs. The incremental increase in general and administrative costs in 2006 was primarily due to operating fully-staffed branch offices in Colombia and Argentina, the increased level of activity related to our expansion of operations, which resulted from acquisition of the Argosy assets in Colombia and properties in Argentina, and costs related to the registration of our securities. The increase in costs was primarily in four main categories: professional services increased by \$1,382,134; employee costs increased by \$1,566,979; bank and debt related fees increased by \$561,971; and office related costs increased by \$732,199.

Liquidated Damages

Liquidated damages of \$1,527,988 recorded in 2006 relate to liquidated damages payable to our stockholders as a result of the registration statements for our securities issued in 2005 and 2006 not becoming effective within the periods specified in the share registration rights agreements for those securities. The amount expensed includes \$269,923 related to 15,047,606 units issued in the fourth quarter of 2005 and first quarter of 2006 and \$1,258,065 related to 50 million units sold in the second quarter of 2006. We did not have any liquidated damages in 2005. Our registration statement for our 2005 private placement became effective in February 2007, and the amount of \$269,923 incurred in 2006 in connection with the late effectiveness of this registration statement is the maximum amount of liquidated damages payable in respect of these units. Our registration statement for our June 2006 private placement has not yet become effective, and we incurred \$3.9 million in liquidated damages in the first quarter of 2007 in connection with the late effectiveness of this registration statement, and will continue to incur liquidated damages until it becomes effective, with a maximum amount of liquidated damages being \$18.75 million. The holders of the units have the option of taking the liquidated damages in cash or stock. In April 2007, holders of 948,853 units exercised their right to cause us to return their purchase price for their units.

Foreign Exchange Loss

Foreign exchange loss was \$370,538 for the year ended December 31, 2006 compared to a gain of \$31,271 for 2005. The loss arose primarily from translation of local currency denominated transactions in our South American operations into US dollars.

Income Tax

We recorded an income tax expense of \$677,380 in 2006 compared to an income tax benefit of \$29,228 in 2005. The Colombia operations generated a net income before tax of \$2.4 million dollars, which resulted in a local income tax liability, offset by income tax assets arising from losses incurred in Argentina.

Net Income (Loss) Available to Common Shares

The net loss for the year ended December 31, 2006 was \$5,823,704, or \$0.08 per share. This loss includes a full year of operating activities at Palmar Largo and six months plus ten days of operations in Colombia, and costs related to the share registration statements. The net loss for the period from incorporation on January 26, 2005 to December 31, 2005, was \$2,219,680, equivalent to a loss of \$0.16 per share. These results reflect four months of operating activity, twelve months of business activity and significant costs relating to the November 10, 2005 share exchange.

Table of Contents

Per share calculations for 2006 and 2005 are based on basic weighted average shares outstanding of 72,443,501 and 13,538,149, respectively.

Liquidity and Capital Resources

As at December 31, 2006, our cash balance was \$24,100,780 and our current assets (including cash balance) less current liabilities were \$14,339,654, compared to cash of \$2,221,456 and net current assets of \$2,764,643 at December 31, 2005.

Restricted cash of \$2,291,360 as at December 31, 2006 will become or has become available to us as follows:

- a) Standard Bank holds a \$1,009,009 restricted deposit for Gran Tierra. The funds were held as a guarantee for two letters of credit issued in Peru for work commitments for our land holdings, blocks 122 and 128. Export Development Canada, issued a guarantee on Gran Tierra's behalf in February 2007, which effectively replaced these guaranteed funds. Therefore, the funds were returned to Gran Tierra as unrestricted cash in February, 2007.
- b) Funds are being held in escrow, by Bank of America, pending a request from Gran Tierra to the Alberta Securities Commission to provide the same resale rights for purchasers resident in Alberta as other investors in the private placement completed in June 2006. There are \$1,280,951 in funds being held in escrow, which we will need to release back to those investors.
- c) Argentina has \$1,400 remaining in restricted cash to satisfy joint venture partner requirements.

During the year ended December 31, 2006, we increased our cash balances by \$21,889,447 and funded our capital expenditures and operating expenditures from proceeds of a series of private placements of our securities. Cash outflows comprised \$829,618 from operating activities and cash inflows of \$69,381,827 from financing activities, offset by cash outflows of \$46,672,884 for investing activities. Proceeds from private placements included \$75,000,000, less issue costs of \$6,303,699, from the sale of 50,000,000 units of our securities in June 2006, \$610,000 from the sale of 762,500 units in the first quarter of 2006, and proceeds from the exercise of warrants to purchase common stock. However, of the amount raised, \$1,280,951 is held in escrow, and the holders of those units have the right to return the units to us and receive their purchase price back under the terms of the escrow agreement because we were unable to obtain a securities laws exemption for those holders by a specified date. We are currently in discussions with those stockholders regarding whether or not they will exercise that right.

During 2005, we funded the majority of our capital expenditures from funds received through three private placements of our securities. Cash inflows from financing activities were \$13,206,116, offset by cash outflows of \$2,277,065 from operating activities and \$8,707,595 for investing activities. Proceeds from private placements included \$11,428,084 from the sale of 14,285,106 units of our securities in the fourth quarter of 2005.

Capital expenditures for the year ended December 31, 2006 were \$48,394,181 and were primarily related to the Argosy purchase in Colombia, the purchase of the El Vinalar and CGC properties in Argentina, development activity at Palmar Largo, drilling activities in Colombia, and office equipment and leasehold improvements in both Calgary and Argentina. During 2005, capital expenditures for the period from incorporation on January 26, 2005 to December 31, 2005, were \$8,775,327, predominantly for the acquisition cost of the Palmar Largo, Nacatimbay and Ipaguazu interests in Argentina. The purchase price for the Argentina acquisition was \$7,032,714 plus post-closing adjustments of \$708,955 with the remaining capital expenditures relates to our share of the cost of drilling one well at Palmar Largo.

Table of Contents

The following are contractual commitments at December 31, 2006, associated with debt obligations, lease obligations, and contractual commitments (in thousands):

Contractual Commitment	Total	Payments Due by Period		
		Less than 1 year	1-3 years	4-5 years
Long-Term Debt Obligations	\$	\$	\$	\$
Liquidated damages	1,527,988	1,527,988		
Work Commitments - Peru	8,600,000		3,533,333	5,066,667
Office Leases	460,683	118,752	260,043	81,888
Office Equipment Leases	31,524	13,680	17,198	646
Vehicle	77,367	49,233	28,134	
Housing	8,690	8,690		
Total	\$10,706,252	\$1,718,343	\$3,838,709	\$5,149,201

The minimum capital expenditure commitment for blocks 122 and 128 in Peru is \$1.0 million for the initial 3-year work period. We have no other capital expenditure commitments, other than discretionary capital expenditures to be made in the normal course of operations for workover and drilling activities. As well, post-closing adjustments of \$3.8 million, related to the acquisition of CGC's interests in six properties, were paid in January 2007.

Effective February 28, 2007, we entered into a credit facility with Standard Bank Plc. The facility has a three-year term which may be extended by agreement between the parties. The borrowing base is the present value of our petroleum reserves up to maximum of \$50 million. The initial borrowing base is \$7 million and the borrowing base will be re-determined semi-annually based on reserve evaluation reports. The facility includes a letter of credit sub-limit of up to \$5 million. Amounts drawn down under the facility bear interest at the Eurodollar rate plus 4%. A stand-by fee of 1% per annum is charged on the un-drawn amount of the borrowing base. The facility is secured primarily by our Colombian assets. Under the terms of the facility, we are required to maintain compliance with specified financial and operating covenants. We are also required to enter into a hedging agreement for the purpose of obtaining protection against fluctuations in the price of oil in respect of at least 50% of our projected aggregate net share of Colombian production after royalties for the three-year term of the facility. No amounts have been drawn-down under the facility.

In accordance with the terms of the credit facility with Standard Bank Plc, we entered into a costless collar hedging contract for crude oil based on West Texas Intermediate (WTI) price, with a floor of \$48.00 and a ceiling of \$80.00, for a three-year period, for 400 barrels per day from March 2007 to December 2007, 300 barrels per day from January 2008 to December 2008, and 200 barrels per day from January 2009 to February 2010.

During 2007, we plan to drill ten wells, conduct several workovers of existing wells, and conduct technical studies on our existing acreage. Our estimated drilling budget for 2007 is \$13.5 million. We will not be able to fund this drilling budget with our current funds if we are required to pay liquidated damages in cash in connection with our securities offerings.

In Argentina, two new wells are scheduled for 2007. This includes the Puesto Climaco-2 sidetrack in the Vinalar Block, which was completed and put on production in January 2007, and drilling the Proa-1 exploration well in the Surubi Block in the second half of 2007. Several well workovers are contemplated for wells on existing producing and shut-in fields.

In Colombia, eight new wells are scheduled for 2007, including the Laura-1 exploration well in the Talora Block, the Caneyes-1 exploration well in the Rio Magdalena Block, the Soyona-1 and Cachapa-1 exploration wells in the Primavera Block, the Juanambu-1 and Floresta-1 exploration wells in the Guayuyaco Block, the Costayaco-1

exploration well in the Chaza Block, and the Piedra-1 exploration well in the Talora block. Laura-1 finished drilling in January 2007, Caneyes-1 was drilled in February 2007, and Cachapa-1 was drilled in March 2007, and all three wells were plugged and abandoned. The Juanambu-1 well was drilled in March 2007 and encountered hydrocarbon shows in four zones. We are testing these zones and expect to complete the testing in May 2007. Several workovers are also contemplated for wells on existing producing and shut-in fields.

In Peru, operations in 2007 are limited to technical studies of Block 122 and Block 128, which involve expenditures of approximately \$400,000.

Table of Contents

In addition to current projects, we may pursue new ventures in South America, in areas of current activity and in new regions or countries. There is no assurance additional opportunities will be available, or if we participate in additional opportunities that those opportunities will be successful. Based on projected production, prices and costs, we believe that our current operations and capital expenditure program can be maintained from cash flow from existing operations, cash on hand, and our credit facility, barring unforeseen events or a severe downturn in oil and gas prices. Should our operating cash flow decline, we would examine measures such as reducing our capital expenditure program, issuance of debt, or issuance of equity.

Future growth and acquisitions will depend on our ability to raise additional funds through equity and/or debt markets. We have recently completed financing initiatives to support recent acquisition initiatives, which have also brought additional production and cash flow into our company. Increases in the borrowing base under our credit facility are dependent on our success in increasing oil and gas reserves and on future oil prices.

We will need to raise additional funds to pay liquidated damages in the event that our stockholders elect to receive cash rather than stock in settlement of the damages. We have incurred liquidated damages of approximately \$5.2 million through March 31, 2007, and will continue to accrue liquidated damages until this registration statement becomes effective, subject to a maximum amount of \$18.75 million.

Our initiatives to raise debt or equity financing to fund capital expenditures or other acquisition and development opportunities may be affected by the market value of our common stock. If the price of our common stock declines, our ability to utilize our stock to raise capital may be negatively affected. Also, raising funds by issuing stock or other equity securities would further dilute our existing stockholders, and this dilution would be exacerbated by a decline in stock price. Any securities we issue may have rights, preferences and privileges that are senior to our existing equity securities. Borrowing money may also involve pledging some or all of our assets.

Off-Balance Sheet Arrangements

As at December 31, 2006 and 2005, we had no off-balance sheet arrangements.

Critical Accounting Estimates

Use of Estimates

The preparation of financial statements under generally accepted accounting principles (GAAP) in the United States 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 period. Actual results could differ from those estimates. Our critical accounting estimates are discussed below.

Oil and Gas Accounting-Reserves Determination

We follow the full cost method of accounting for our investment in oil and natural gas properties, as defined by the SEC, as described in note 2 to our consolidated financial statements. Full cost accounting depends on the estimated reserves we believe are recoverable from our oil and gas reserves. The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geo-physical, engineering and economic data.

To estimate the economically recoverable oil and natural gas reserves and related future net cash flows, we incorporate many factors and assumptions including:

expected reservoir characteristics based on geological, geophysical and engineering assessments;

future production rates based on historical performance and expected future operating and investment activities;

future oil and gas quality differentials;

assumed effects of regulation by governmental agencies; and

future development and operating costs.

Table of Contents

We believe our assumptions are reasonable based on the information available to us at the time we prepare our estimates. However, these estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change.

Management is responsible for estimating the quantities of proved oil and natural gas reserves and for preparing related disclosures. Estimates and related disclosures are prepared in accordance with SEC requirements and generally accepted industry practices in the US as prescribed by the Society of Petroleum Engineers. Reserve estimates, including the standardized measure of discounted future net cash flow and changes therein, are prepared at least annually by independent qualified reserves consultants.

Our board of directors oversees the annual review of our oil and gas reserves and related disclosures. The Board meets with management periodically to review the reserves process, results and related disclosures and appoints and meets with the independent reserves consultants to review the scope of their work, whether they have had access to sufficient information, the nature and satisfactory resolution of any material differences of opinion, and in the case of the independent reserves consultants, their independence.

Reserves estimates are critical to many of our accounting estimates, including:

Determining whether or not an exploratory well has found economically producible reserves.

Calculating our unit-of-production depletion rates. Proved reserves estimates are used to determine rates that are applied to each unit-of-production in calculating our depletion expense.

Assessing, when necessary, our oil and gas assets for impairment. Estimated future cash flows are determined using proved reserves. The critical estimates used to assess impairment, including the impact of changes in reserves estimates, are discussed below.

Oil and Gas Accounting-Impairment

We evaluate our oil and gas properties for impairment on a quarterly basis. We assess estimated discounted future cash flows to determine if properties are impaired on a cost center basis. If the 10% discounted future cash flows for a cost center are less than the carrying amount, the cost center is impaired and written down to its fair value.

Cash flow estimates for our impairment assessments require assumptions about two primary elements—constant prices and reserves. It is difficult to determine and assess the impact of a decrease in our proved reserves on our impairment tests. The relationship between the reserves estimate and the estimated discounted cash flows is complex because of the necessary assumptions that need to be made regarding period end production rates, period end prices and costs. Under full cost accounting, we perform a ceiling test to ensure that unamortized capitalized costs in each cost center do not exceed their fair value. We recognize an impairment loss in net earnings when the carrying amount of a cost center is not recoverable and the carrying amount of the cost center exceeds its fair value. A cost center is defined as a country. Capitalized costs, less accumulated depreciation (carrying value) are limited to the sum of: the present value of estimated future net revenues from proved oil and gas reserves, less future value of unproven properties included in the costs being amortized; less income tax effects related to the differences between the book and tax basis of the properties. If unamortized capital costs within a cost center exceed the cost center ceiling, the excess shall be charged to expense and separately disclosed during the period in which the excess occurs. As a result, we are unable to provide a reasonable sensitivity analysis of the impact that a reserves estimate decrease would have on our assessment of impairment.

We assessed our oil and gas properties for impairment as at December 31, 2006 and 2005 and found no impairments were required based on our assumptions. Estimates of standardized measure of our future cash flows from proved reserves were based on realized crude oil prices of \$48.66 in Colombia and \$35.56 to \$38.57 for our Argentina properties. A future reduction in oil prices and/or quantities of proved reserves would reduce the ceiling limitation and may result in a ceiling test write-down.

Table of Contents

Asset Retirement Obligations

We are required to remove or remedy the effect of our activities on the environment at our present and former operating sites by dismantling and removing production facilities and remediating any damage caused. Estimating our future asset retirement obligations requires us to make estimates and judgments with respect to activities that will occur many years into the future. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known and cannot be reasonably estimated as standards evolve in the countries in which we operate.

We record asset retirement obligations in our consolidated financial statements by discounting the present value of the estimated retirement obligations associated with our oil and gas wells and facilities and chemical plants. In arriving at amounts recorded, we make numerous assumptions and judgments with respect to ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement and expected changes in legal, regulatory, environmental and political environments. The asset retirement obligations we have recorded result in an increase to the carrying cost of our property, plant and equipment. The obligations are accreted with the passage of time. A change in any one of our assumptions could impact our asset retirement obligations, our property, plant and equipment and our net income.

It is difficult to determine the impact of a change in any one of our assumptions. As a result, we are unable to provide a reasonable sensitivity analysis of the impact a change in our assumptions would have on our financial results. We are confident, however, that our assumptions are reasonable.

Goodwill

Goodwill represents the excess of purchase price of business combinations over the fair value of net assets acquired and we test for impairment at least annually. The impairment test requires allocating goodwill and all other assets and liabilities to assigned reporting units. We estimate the fair value of each reporting unit and compare it to the net book value of the reporting unit. If the estimated fair value of the reporting unit is less than the net book value, including goodwill, we write down the goodwill to the implied fair value of the goodwill through a charge to expense. Because quoted market prices are not available for our reporting units, we estimate the fair values of the reporting units based upon several valuation analyses, including comparable companies, comparable transactions and premiums paid. The goodwill on our financial statements was a result of the Argosy acquisition, and relates entirely to the Colombia reporting segment.

Deferred Income Taxes

We follow the liability method of accounting for income taxes whereby we recognize future income tax assets and liabilities based on temporary differences in reported amounts for financial statement and tax purposes. We carry on business in several countries and as a result, we are subject to income taxes in numerous jurisdictions. The determination of our income tax provision is inherently complex and we are required to interpret continually changing regulations and make certain judgments. While income tax filings are subject to audits and reassessments, we believe we have made adequate provision for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

New Accounting Pronouncements

Effective January 1, 2006, we adopted the SEC issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 requires companies to evaluate the materiality of identified unadjusted errors on each financial statement and related financial statement disclosure using both the rollover approach and the iron curtain approach. The rollover approach quantifies misstatements based on the effects of correcting the misstatement existing in the balance sheet at the end of the current year, irrespective of the misstatement's year(s) of origin. Financial statements would require adjustment when either approach results in quantifying a misstatement that is material. Correcting prior year financial statements for immaterial errors would not require previously filed reports to be amended. The adoption of SAB 108 did not have a material impact on our consolidated financial statements.

Table of Contents

In February 2006, the FASB issued Statement 155, *Accounting for Certain Hybrid Instruments*, which amends Statement 133, *Accounting for Derivative Instruments and Hedging Activities*, and Statement 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. Statement 155 permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation from its host contract in accordance with Statement 133. Statement 155 also clarifies other provisions of Statement 133 and Statement 140. This statement is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. We do not expect adoption of this statement will have a material impact on our results of operations or financial position.

In July 2006, FASB issued FIN 48 *Accounting for Uncertainty in Income Taxes* with respect to FAS 109 *Accounting for Income Taxes* regarding accounting for and disclosure of uncertain tax positions. This guidance seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. We do not expect adoption of this statement will have a material impact on our results of operations or financial position.

In September 2006, FASB issued Statement 157, *Fair Value Measurements*. Statement 157 defines fair value, establishes a framework for measuring fair value under US generally accepted accounting principles and expands disclosures about fair value measurements. This statement is effective for fiscal years beginning after November 15, 2007. We do not expect the adoption of this statement will have a material impact on our results of operations or financial position.

In December 2006, FASB issued Staff Position (FSP) EITF (Emerging Issues Task Force) 00-19-2, *Accounting for Registration Payment Arrangements*. FSP EITF 00-19-2 specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement, whether issued as a separate agreement or included as a provision of a financial instrument or other agreement, should be separately recognized and measured in accordance with FASB Statement No. 5, *Accounting for Contingencies*. This FSP is effective for fiscal years beginning after December 15, 2006. We early adopted this FSP during the year ended December 31, 2006 and recorded \$1,258,000 in liquidated damages as an expense in the consolidated statement of operations and deficit and the same amount in accrued liabilities at December 31, 2006.

In February 2007, the FASB issued FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (FAS 159). FAS 159 permits an entity to elect fair value as the initial and subsequent measurement attribute for many financial assets and liabilities. Entities electing the fair value option would be required to recognize changes in fair value in earnings. Entities electing the fair value option are required to distinguish on the face of the statement of financial position, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. FAS 159 is effective for our fiscal year 2008. The adjustment to reflect the difference between the fair value and the carrying amount would be accounted for as a cumulative-effect adjustment to retained earnings as of the date of initial adoption. We do not expect the adoption of this statement will have a material impact on our results of operations or financial position

Table of Contents**Quarterly Financial Information**

	Revenues	Expenses	Income Before Income Tax Provision	Income Tax Provision	Net Income	Basic Earnings per Share	Diluted Earning per Share
2006							
First Quarter	1,049,629	2,211,120	(1,161,491)	57,457	(1,218,948)	(\$0.03)	(\$0.03)
Second Quarter	2,089,984	2,581,393	(491,409)	80,325	(571,734)	(\$0.01)	(\$0.01)
Third Quarter	5,394,949	4,750,887	644,062	710,417	(66,355)	\$0.00	\$0.00
Fourth Quarter	3,538,351	7,675,837	(4,137,486)	(170,819)	(3,966,667)	(\$0.04)	(\$0.04)
	12,072,913	17,219,237	(5,146,324)	677,380	(5,823,704)	(\$0.08)	(\$0.08)
2005							
First Quarter		496	(496)		(496)	\$0.00	\$0.00
Second Quarter		261,021	(261,021)		(261,021)	(\$0.06)	(\$0.06)
Third Quarter	349,263	626,537	(277,274)	7,370	(284,644)	(\$0.02)	(\$0.02)
Fourth Quarter	710,034	2,420,151	(1,710,117)	(36,598)	(1,673,519)	(\$0.04)	(\$0.04)
	1,059,297	3,308,205	(2,248,908)	(29,228)	(2,219,680)	(\$0.16)	(\$0.16)

We made our initial acquisition of oil and gas producing and non-producing properties in Argentina in September 2005 for a total purchase price of approximately \$7 million. Prior to that time we had no revenues. In June 2006, we acquired our Colombia assets for consideration of \$37.5 million cash, 870,647 shares of our common stock and overriding and net profit interests in certain assets valued at \$1 million. See **Business** for a description of these acquisitions.

Quantitative and Qualitative Disclosures About Market Risk

Our principal market risk relates to oil prices. We have not hedged these risks in the past. Essentially 100% of our revenues are from oil sales at prices which are defined by contract relative to West Texas Intermediate and adjusted for transportation and quality, for each month. In Argentina, a further discount factor which is related to a tax on oil exports establishes a common pricing mechanism for all oil produced in the country, regardless of its destination.

In accordance with the terms of the credit facility with Standard Bank Plc, which we entered into on February 28, 2007, we entered into a costless collar hedging contract for crude oil based on West Texas Intermediate (WTI) price, with a floor of \$48.00 and a ceiling of \$80.00, for a three-year period, for 400 barrels per day from March 2007 to December 2007, 300 barrels per day from January 2008 to December 2008, and 200 barrels per day from January 2009 to February 2010.

We consider our exposure to interest rate risk to be immaterial. Interest rate exposures relate entirely to our investment portfolio, as we do not have short-term or long-term debt. Our investment objectives are focused on preservation of principal and liquidity. By policy, we manage our exposure to market risks by limiting investments to high quality bank issuers at overnight rates. We do not hold any of these investments for trading purposes. We do not hold equity investments.

Foreign currency risk is a factor for our company but is ameliorated to a large degree by the nature of expenditures and revenues in the countries where we operate. We have not engaged in any formal hedging activity with regard to foreign currency risk. Our reporting currency is U.S. dollars and essentially 100% of our revenues are related to the U.S. price of West Texas intermediate oil. In Colombia, we receive 75% of oil revenues in U.S. dollars and 25% in Colombian pesos at current exchange rates. The majority of our capital expenditures in Colombia are in U.S. dollars and the majority of local office costs are in local currency. As a result, the 75%/25% allocation between U.S. dollar and peso denominated revenues is approximately balanced between U.S. and peso expenditures, providing a natural currency hedge. In Argentina, reference prices for oil are in U.S. dollars and revenues are received in Argentine pesos according to current exchange rates. The majority of capital expenditures within Argentina have been in U.S. dollars with local office costs generally in pesos. While we operate in South America exclusively, the majority of our spending since our inauguration has been for acquisitions. The majority of these acquisition expenditures have been valued and paid in U.S. dollars.

Table of Contents

BUSINESS

On November 10, 2005, Goldstrike, Inc. (Goldstrike), Gran Tierra Energy Inc., a privately-held Alberta corporation which we refer to as 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. (which we refer to as Goldstrike Exchange Co.) 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. Immediately following the transactions, 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. This two step process was part of a single transaction whereby Gran Tierra Canada became a wholly-owned subsidiary of Goldstrike Inc. Additionally, Goldstrike changed its name to Gran Tierra Energy Inc. with the management and business operations of Gran Tierra Canada, but remains incorporated in the State of Nevada.

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 and has the same voting rights as a share of our common stock.

The share exchange between the former shareholders of Gran Tierra Canada and the former Goldstrike 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.

Company Overview

Goldstrike was incorporated in the United States in 2003. Prior to the transactions described above, Goldstrike was engaged in mineral exploration in British Columbia, Canada. Gran Tierra Canada was formed as an Alberta, Canada, corporation in early 2005. Following the above-described transactions, our operations and management are substantially the operations and management of Gran Tierra Canada prior to the transactions. The former Gran Tierra Canada was formed by an experienced management team in early 2005 with extensive experience in oil and natural gas exploration and production, including experience in most of the world s principal petroleum producing regions. Our objective is to acquire and exploit international opportunities in oil and natural gas exploration, development and production, focusing on South America. We made our initial acquisition of oil and gas producing and non-producing properties in Argentina in September 2005 for a total purchase price of approximately \$7 million. In addition, we acquired assets in Colombia and other minor interests in Argentina and Peru during 2006.

We have not experienced any bankruptcy, receivership or similar proceedings.

Industry Introduction

The international oil and gas industry is extremely diverse and offers distinct opportunities for companies in different countries. The fundamentals of the industry, however, are common:

- o Oil and gas reserves tend to be distributed in a pyramid pattern. The distribution of oil and gas reserves is generally depicted as a pyramid with the greatest number of fields being smaller fields and with very few large fields. Because of their size, the large fields are more easily located - most have already been discovered and tend to be, though are not always, the most economical to produce.

Table of Contents

- o Oil and gas companies tend to be distributed in a pyramid pattern. Oil and gas companies tend to be distributed in a pattern that is similar to that of oil and gas reserves. There are many small companies and few very large companies. Large companies tend to operate at the top of the resource pyramid, where rewards are larger in size but fewer in number. Smaller companies tend to operate at the base of the resource pyramid, where rewards are smaller in size but plentiful in number. Furthermore, large companies tend to divest smaller, non-core assets as they grow, and tend to acquire smaller companies that have reached a critical mass, perpetuating a cycle of growth.
- o In a mature producing area with a mature industry, the entirety of the resource pyramid is being explored and developed by both small and large oil and gas companies. Maturity is typically a function of time and market forces. Government policy can have an important role, encouraging or discouraging the full potential of the resource base and industry.
- o By its nature, finding and producing oil and gas is a risky business. Oil and gas deposits may be located miles below the earth's surface. There is no guarantee, despite the sophistication of modern exploration techniques, that oil or gas will be present in a particular location without drilling. Additionally, there is no guarantee that a discovery will be commercially viable without follow up drilling, nor can there be any guarantee that such follow up drilling will be successful. There is also no guarantee that reserves once established will produce at expected rates. Furthermore, adverse political events and changing laws/regulations can threaten the economic viability of oil and gas activity, the safety and security of workers, or the reputation of a company that conducts business outside of more stable countries. The effective management of risk is integral to the oil and gas industry.
- o The oil and gas industry is capital intensive. Investment decisions are based on long time horizons - the typical oil and gas project has a life of greater than 20 years. Economics and value are based on a long-term perspective.
- o The production profile for a substantial majority of oil and gas reservoirs is a declining trend. Production from an oil or gas field with a fixed number of wells declines over time. That decline rate varies depending on the reservoir and well/development characteristics but in general, steepest declines are earlier in the production life of the field. Typically, production falls to a point where revenues are insufficient to cover operating costs (the project reaches its economic limit) and the field is abandoned.
- o Production levels in a field can be maintained by more intensive drilling and/or enhancement of existing wells, and such efforts are usually made to offset the natural decline in production. A low price environment, budgetary constraints or lack of imagination can prevent companies from taking appropriate action to offset a natural decline in production. However, a shift to a high price environment can present a significant, but short term opportunity, for new operators. While production levels may be maintained for a period of time by more intensive drilling, such efforts can only be maintained for short periods of time and may not be effective. Moreover, such efforts may also be economically unfeasible and may be impermissible under rules and regulations applying to the field.

New Opportunities for Smaller Companies

Several forces are at work in today's energy industry which provide significant opportunities for smaller companies, like ours. The greatest opportunities tend to be in countries where resource opportunities have been undervalued or overlooked or have been considered immaterial or uneconomic by larger companies, and/or where governments are moving to realize the potential at the base of the resource pyramid by attracting smaller companies.

Company Business Plan

Our plan is to build an international oil and gas company by operating in countries where a smaller company can proliferate. Our initial focus is in select countries in South America, currently Argentina, Colombia and Peru.

Table of Contents

We are applying a two-pronged approach to growth, establishing a base of production, development and exploration assets by selective acquisitions and achieving future growth through drilling. We intend to duplicate this business model across selected countries in South America. We pursue opportunities in countries with prolific petroleum systems (which in the petroleum industry are defined as geologic settings with proven petroleum source rocks, migration pathways, reservoir rocks and traps), stable legal environments and attractive royalty, taxation and other fiscal terms.

A key to our business plan is positioning - being in the right place at the right time with the right resources. The fundamentals of this strategy are described in more detail below:

- o Position in countries that are welcoming to foreign investment, that provide attractive fiscal terms and/or offer opportunities that have been previously ignored or undervalued:

The pace of oil and gas exploration and development in countries around the world is dictated by geology and market forces and the intermediary impact of government policy and regulation. These factors have combined today to create opportunities in South America. The initial countries of interest to Gran Tierra are Argentina - where activity has historically been dominated by the national oil company; Colombia - which has restructured its energy policies to appeal to smaller foreign companies; and Peru - which is entering a new phase of exploration activity.

- o Engage qualified, experienced and motivated professionals:

Our management team consists of three senior international oil and gas professionals most recently with EnCana Corporation of Canada, a fourth member most recently with Pluspetrol in South America, a fifth member who joined our company in conjunction with the acquisition of Argosy Energy International LP in Colombia, and our sixth and newest member to join the team brings an international finance background.

The qualifications of our board of directors complement the international experience of the management team, providing an entrepreneurial, financial and market perspective of our business by a group of individuals with experience in early stage public and private companies.

All of our employees have previously worked with members of our management team. Qualified geophysicists, geologists and engineers are in short supply in today's market; our management has demonstrated the ability to attract qualified professionals.

Our success equally depends on our strong support network in the legal, accounting and finance disciplines, both at a corporate level and a local level.

- o Establish an effective local presence:

Our management believes that establishing an effective local presence is essential for success - one that is familiar with the local operating environment, with the local oil and gas industry and with local companies and governments in order to establish and expand business in the country. We have established our office in Buenos Aires and have engaged qualified and respected local management and professionals. We intend to establish offices in all countries in which we operate. We expect our presence in Buenos Aires and recently acquired presence in Colombia to bring new and increasing opportunities.

- o Create alliances with companies that are active in areas and countries of interest, and consolidate initial land/property positions:

Our initial acquisitions in Argentina and Colombia, and award of land in Peru, have brought us to the attention of other companies in South America, including partners, former employers and associates. We hope to build on these business relationships to bring other opportunities to us, and we expect to continue to build new relationships in the future. Such cooperation effectively multiplies our business development initiatives and develops synergies within the local industry.

Table of Contents

o Build a balanced portfolio of production, development, step-out and more speculative exploration opportunities:

Our initial acquisitions in Argentina and Colombia provide a base of production to provide immediate cash flow and upside drilling potential. We are now focusing on expansion opportunities in Argentina, Colombia and Peru, which we expect will include both low and higher risk projects, with working interests that achieve an optimal balance of risk and reward.

The most effective risk mitigation in international oil and gas is diversification, and the highest chance of success results from a diverse portfolio of independent opportunities. We are moving purposefully in the regard.

o Assess and close opportunities expeditiously:

We assess many oil and gas opportunities before we move to advance one; it is necessary to assess the technical, economic and strategic merits quickly in order to focus our efforts. This approach to business often provides a competitive advantage. Since inception, we evaluated more than 100 potential acquisition opportunities.

o Do business in countries in which we are familiar with the people and assets.

Our business model is a bringing together of peoples' knowledge and relationships into a single entity with a single purpose. We cannot compete with the international oil and gas industry on an open tender basis. Assets and opportunities that are offered globally will receive a premium price and chance of success for any one bidder is low. Our approach is based on niche opportunities for buyer and seller, and to take advantage of our strategic relationships, established technical know-how and access to capital.

Deal Flow

Our access to opportunities stems from a combination of experience and industry relationships of the management team and board of directors, both within and outside of South America. Deal flow is critical to growing a portfolio efficiently and effectively, to capitalize on our capabilities today, and into the future as we grow in scale and our needs evolve.

Company Financial Fundamentals

A brief discussion of our financial fundamentals is provided below. Potential investors are encouraged to read the following information in conjunction with all of the other information provided in this filing.

Our financial results present the former Gran Tierra Canada as the predecessor company in the share exchange with Goldstrike on November 10, 2005. The financial results of Goldstrike were eliminated on consolidation. Gran Tierra financials therefore present the activities of the former Gran Tierra Canada before the share exchange, including the initial Argentina acquisition on September 1, 2005.

Financial results for 2006 are defined by three principal events: the Argentina acquisitions on September 1, 2005, June 30, 2006 and December 1, 2006; the Colombia acquisition on June 20, 2006 and a series of private placements of our common stock associated with the acquisitions.

Financial results for the year ended December 31, 2006 reflect a full year of operations at Palmar Largo, four months of operations at Nacatimbay, six months of operations at El Vinalar, and one month of operations at Chivil, all in Argentina, in addition to six months and ten days of operations in Colombia.

Argentina Acquisitions

We acquired participating interests in three joint ventures on September 1, 2005. We made a formal offer to purchase the Argentina assets of Dong Won S.A (Argentinean branch of the Korean company) on May 30, 2005, that was accepted on June 22, 2005. The total acquisition cost was approximately \$7 million. Our initial offer covered interests in five properties; preferential acquisition rights were exercised on two properties but the major property of interest to Gran Tierra and two minor properties became available to us. All properties are located in the Noroeste Basin region of Northern Argentina.

Table of Contents

- o Palmar Largo Joint Venture - Gran Tierra participation 14%, Pluspetrol (Operator) 38.15%, Repsol YPF 30%, Compañía General de Combustibles (CGC) 17.85%.
- o Nacatimbay Concession - Gran Tierra participation 50%, CGC (Operator) 50%.
- o Ipaguazu Concession - Gran Tierra participation 50%, CGC (Operator) 50%.

Palmar Largo is the principal property, currently producing approximately 285 barrels per day of oil net to Gran Tierra (after 12% government royalties). Acquisition cost for Palmar Largo was \$6,969,659 which equates to \$11.24 per barrel based on net reserves of 620,400 barrels of oil, after 12% royalties. Minor volumes of natural gas and associated liquids are produced from a single well at Nacatimbay, and the Ipaguazu property is non-producing. Total acquisition cost for these two properties was \$63,055.

On June 30, 2006, we entered into a joint venture agreement with Golden Oil Corporation whereby we purchased 50% of the El Vinalar field in Argentina for \$950,000. We also agreed to pay the first \$2.7 million in costs for a sidetrack well related to our joint venture agreement.

On February 15, 2006, we made an offer to acquire a portion of the interests of CGC in eight properties in Argentina. On November 2, 2006, we closed the purchase of interests in four properties for a total purchase price of \$2.1 million. The assets purchased include a 93.18% participation interest in the Valle Morado block, a 100% interest in the Santa Victoria block and the remaining 50% interests in the Nacatimbay and Ipaguazu blocks.

On December 1, 2006, we closed the purchase of interests in two other properties from CGC, including a 100% interest in the El Chivil block and a 100% participation interest in the Surubi block, each located in the Noroeste Basin of Argentina, for a total purchase price of \$2.5 million. We also purchased the remaining 25% minority interest in each property from the joint venture partner for a total purchase price of \$280,000.

The total purchase price in 2006 for the acquisition of CGC's interests in all six properties was \$4.6 million. Post-closing adjustments, which reflect original values assigned to the properties, amended terms, revenues and costs from the effective date of January 1, 2006, were approximately \$3.8 million which was paid in January 2007.

Colombia 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, for consideration of \$37.5 million cash, 870,647 shares of our common stock and overriding and net profit interests in certain of Argosy's assets valued at \$1 million. Argosy's oil production averaged approximately 692 barrels per day (after royalty) during 2006. Government royalty rates are 20% and 8% for Argosy's producing properties. Argosy's net land position is approximately 331,468 acres.

Peru Acquisitions

On June 8, 2006, we signed a License Contract for the Exploration and Exploitation of Hydrocarbons covering Block 122 in Peru. The license contract was approved by the government of Peru on November 3, 2006. The license contract defines a seven-year exploration term divided into four periods, each requiring a minimum work plan and financial commitment. The minimum commitment for the first work period, which is mandatory, is \$0.5 million. The potential commitment over the seven-year period, at our option, is \$5.0 million and includes technical studies, seismic acquisition and the drilling of one exploration well. The license contract defines an exploitation term of thirty years for commercial discoveries of oil. Block 122 is located on the eastern flank of the Marañon Basin of northern Peru, on the crest of the Iquitos Arch and covers 1.2 million acres.

On December 12, 2006, we signed a License Contract for the Exploration and Exploitation of Hydrocarbons covering Block 128 in Peru. The license contract was approved by the government of Peru. The license contract defines a seven-year exploration term divided into four periods, each requiring a minimum work plan and financial commitment. The minimum commitment for the first work period, which is mandatory, is \$0.5 million. The potential commitment over the seven-year period, at our option, is \$3.6 million and includes technical studies, seismic acquisition and the drilling of one exploration well. The license contract defines an exploitation term of thirty years for commercial discoveries of oil. Block 128 is located on the eastern flank of the Marañon Basin of northern Peru, on the crest of the Iquitos Arch and covers 2.2 million acres.

Table of Contents

Research and Development

We have not expended any resources on pursuing research and development initiatives. We use existing technology and processes for executing our business plan.

Financing

The initial funds for Gran Tierra Canada were raised in April and June 2005, providing approximately \$1.9 million to fund our initial activities. We had no oil and gas revenue until September 1, 2005. We made a series of private placements of common shares beginning on August 31, 2005 to fund the Argentina acquisitions and to provide general working capital.

We raised a total of approximately \$12 million during the period from August 2005 to February 2006 from the issuance of approximately 15 million units consisting of one share of our common stock at \$0.80 per share plus one warrant to purchase one-half share at a total price of \$1.25 per share for a period of five years.

In June 20, 2006, we completed the sale of 50,000,000 units for gross proceeds totaling \$75,000,000, less issue costs of \$6,306,699. 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. During 2006 we received \$1.9 million of the equity proceeds raised during the financing that began in 2005, which impacted our 2006 cash flow results.

The Share Exchange

The share exchange between Goldstrike and the shareholders of the former Gran Tierra Canada occurred on November 10, 2005, bringing the assets, management, business operations and business plan of the former Gran Tierra Canada into the framework of the company formerly known as Goldstrike Inc., a publicly traded company.

Prior Goldstrike Business

In connection with our share exchange between Goldstrike and the shareholders of Gran Tierra Canada, Goldstrike transferred to Dr. Yenyong Zheng all of the capital stock of Goldstrike Inc.'s wholly-owned subsidiary, Leasco. Leasco was organized to hold mineral assets located in the Province of British Columbia. Those assets consist primarily of 32 mineral claims covering approximately 700 hectares. As a result of the transfer, this line of business is owned by Dr. Yenyong Zheng, through his ownership of Leasco, and we will not pursue any of those mineral claims.

Markets, Customers and Competition

We market our own share of production in Argentina. Production from Palmar Largo is high quality oil and is transported by pipeline and truck to a nearby refinery. The purchaser of all our oil in Argentina is Refinor S.A. Minor volumes of natural gas and liquids from Nacatimbay were previously sold locally. Production at Nacatimbay was suspended on March 1, 2006. All sales are denominated in pesos but refer to reference or base prices in US dollars. Our average oil price in Argentina averaged \$34.75 per barrel net of royalties during 2006. Sales in Argentina represented 43% of our revenues in 2006.

The purchaser of all oil sold in Colombia is Ecopetrol, a government agency. Oil is eventually exported via the Trans-Andean pipeline. Prices are defined by a multi-year contract with Ecopetrol, with 25% of revenue received in pesos, and 75% of revenue received in US dollars. Prices averaged \$52.33 per barrel during 2006. Sales in Colombia represented 57% of our revenues in 2006.

The oil and gas industry is highly competitive. We face competition from both local and international companies in acquiring properties, contracting for drilling equipment and securing trained personnel. Many of these competitors have financial and technical resources that exceed ours, and we believe that these companies have a competitive advantage in these areas. Others are smaller, allowing us to leverage our technical and financial capabilities.

Table of Contents

Regulation

The oil and gas industry in South America is heavily regulated. Rights and obligations with regard to exploration and production activities are explicit for each project; economics are governed by a royalty/tax regime. Various government approvals are required for property acquisitions and transfers, including, but not limited to, meeting financial and technical qualification criteria in order to be a certified as an oil and gas company in the country. Oil and gas concessions are typically granted for fixed terms with opportunity for extension.

In Argentina, concession rights for our principal property Palmar Largo extend to the year 2017 and may be extended an additional ten years. Oil and gas prices in Argentina are effectively controlled and are established by decree or according to specified formulae. A tax on oil exports sets an effective cap on prices within the country; gas prices are set by statute and reflected in contract terms.

In Colombia, the contract for the Santana area expires in 2015, and the contract for the Guayuyaco area expires in 2030. Oil prices in Colombia are related to international market prices with pre-defined adjustments for quality and transportation. In Colombia, historically, all oil production was from concessions granted to foreign operators or undertaken by state owned Ecopetrol in contracts of association with foreign companies. Ecopetrol was formally responsible for all exploration, extraction, production, transportation, and marketing oil for export. Effective January 1, 2004, the regulatory regime in Colombia underwent a significant change with the formation of the Agencia Nacional de Hidrocarburos, or National Hydrocarbon Agency (ANH). The ANH is now responsible for regulating the Colombian oil industry, including managing all exploration lands not subject to a previously existing association contract.

In Peru, state-controlled Perupetro is responsible for overall regulation and licensing of the oil and gas industry. It also negotiates oil and gas contracts with companies to explore and/or produce in Peru.

The pace of bureaucracy in South America tends to be slow in comparison to North American standards and legal structures are less mature, but the overall business environment is supportive of foreign investment and we believe is continuing to improve. Changes in regulations or shifts in political attitudes are beyond our control and may adversely impact our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes and environmental legislation.

Future Activity

We plan to continue assessing production and exploration opportunities that can provide a base for growth. We are currently assessing opportunities in Argentina, Colombia, Peru and elsewhere in South America which, if consummated, could substantially increase reserves and production. We would require financing from existing cash flow, equity or debt to consummate any opportunities which may become available, depending on the scale of the opportunity.

The totality of our business activities in Colombia, Argentina and Peru is governed by contractual arrangements with host governments including exploration and production concessions, oil sales agreements, joint venture agreements and other obligations. While it is not considered probable in these countries, these contracts may be subject to re-negotiation over time which could diminish profits compared to existing terms. A unilateral termination of contracts is considered to be highly improbable.

Table of Contents**Geographic Information**

The following tables present information on our reportable geographic segments:

	Year Ended December 31, 2006				Year Ended December 31, 2005		
	Corporate	Colombia	Argentina	Total	Corporate	Argentina	Total
Revenues	\$ 351,872	\$ 6,612,190	\$ 5,108,851	\$ 12,072,913	\$	\$ 1,059,297	\$ 1,059,297
Depreciation, Depletion & Accretion	43,576	2,494,317	1,550,544	4,088,437	9,097	453,022	462,119
Segment Income (Loss) before income tax	(6,006,622)	1,394,419	(534,121)	(5,146,324)	(2,136,463)	(112,445)	(2,248,908)
Segment Capital Expenditures	256,482	34,053,289	14,084,410	48,394,181	131,200	8,182,008	8,313,208
	Year Ended December 31, 2006				Year Ended December 31, 2005		
	Corporate	Colombia	Argentina	Total	Corporate	Argentina	Total
Property, Plant & Equipment	\$ 387,682	\$ 34,053,289	\$ 22,266,418	\$ 56,707,389	\$ 131,200	\$ 8,182,008	\$ 8,313,208
Goodwill		15,005,083		15,005,083			
Total	387,682	49,058,372	22,266,418	71,712,472	131,200	8,182,008	8,313,208

Environmental Compliance

Our activities are subject to existing laws and regulations governing environmental quality and pollution control in the foreign countries where we maintain operations. Our activities with respect to exploration, drilling and production from wells, natural gas facilities, including the operation and construction of pipelines, plants and other facilities for transporting, processing, treating or storing gas and other products, are subject to stringent environmental regulation by provincial and federal authorities in Argentina, Colombia and Peru. Risks are inherent in oil and gas exploration and production operations, and we can give no assurance that significant costs and liabilities will not be incurred in connection with environmental compliance issues. We cannot predict what effect future regulation or legislation, enforcement policies issued, and claims for damages to property, employees, other persons and the environment resulting from our operations could have. During 2006 we spent \$95,373 in Colombia to comply with environmental standards around water disposal. In Argentina, we spent \$10,400 on environmental monitoring and water disposal.

Employees

At December 31, 2006, we had 152 full-time employees 9 located in the Calgary corporate office, 27 in Buenos Aires (14 office staff and 13 field personnel) and 116 in Colombia (21 staff in Bogota and 95 field personnel). None of our employees are represented by labor unions, and we consider our employee relations to be good. We had no part-time employees at December 31, 2006.

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, 611-10th Avenue S.W., Calgary, Alberta, Canada. The telephone number at our principal executive office is (403) 265-3221.

Additional Information

We are required to comply with the informational requirements of the Exchange Act, and accordingly, we file annual reports, quarterly reports, current reports, proxy statements and other information with the SEC. You may read or obtain a copy of these reports at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. You may obtain information on the operation of the public reference room and their copy charges by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains registration statements, reports, proxy information statements and other information regarding registrants that file electronically with the SEC. The address of the website is <http://www.sec.gov>.

Table of Contents

Legal Proceedings

Ecopetrol and Argosy Energy International L.P. (Argosy), the contracting parties of the Guayuyaco Association Contract, are engaged in a dispute regarding the interpretation of the procedure for allocation of oil produced and sold during the long term test of the Guayuyaco-1 and Guayuyaco-2 wells. Ecopetrol has advised Argosy of a material difference in the interpretation of the procedure established in the Clause 3.5 of Attachment-B of the Guayuyaco Association Contract. Ecopetrol interprets the contract to provide that the extend test production up to a value equal to 30% of the direct exploration costs of the wells is for Ecopetrol s account only and serves as reimbursement of its 30% back in to the Guayuyaco discovery. Argosy s contention is that this amount is merely the recovery of 30% of the direct exploration costs of the wells and not exclusively for benefit of Ecopetrol. The resolution of this issue is still pending agreement between the parties or determination through legal proceedings. At this time no amount has been accrued in the financial statements as it is not considered probable that a loss will be incurred. The estimated value of disputed production is \$2,361,188 which possible loss is shared 50% (\$1,180,594) with Solana Petroleum Exploration (Colombia) S.A. partner in the contract and 50% Argosy. Currently, no other legal claims or proceedings are pending against us (a) which claim damages in excess of 10% of our current assets, (b) which involve bankruptcy, receivership or similar proceedings, (c) which involve federal, state or local environmental laws, or (d) which involve any of our directors, officers, affiliates, or stockholders as a party with a material interest adverse to us. To our knowledge, no other proceeding against us is currently contemplated by any governmental authority.

Company Property

Offices

We currently lease office space in Calgary, Alberta; Buenos Aires, Argentina; and Bogota, Colombia. The Calgary lease expires February 2011, and costs \$6,824 per month. Our Buenos Aires, Argentina lease expires March, 2008, with lease payments of \$2,000 per month. The two Bogota, Colombia leases expire in 2009 and 2007, respectively with costs of \$696 and \$2,326 per month. The properties are in excellent condition.

Table of Contents

Oil and Gas Properties-Argentina

42

Table of Contents

Gran Tierra lands highlighted in yellow. Other licenses in grey. Green dots are producing oil fields, red dots are producing gas/condensate fields.

A summary of our interests in Argentina as of December 31, 2006 is as follows:

	Gross Acres	WI%	Net Acres	Oil Production Bbl/day (1)	Oil Reserves MBbl (2)	Lease Expiry	2007 Plans
Noroeste Basin							
Palmar Largo	365,045	14%	51,106	285	422	2027	Ongoing production enhancements
Nacatimbay (4)	36,623	100%	36,623	12	19	2032	Evaluate re-entering two wells (Nac-1001, Nac-1002)
El Vinalar	248,340	50%	124,170	43	466	2026	Enhance existing production
Chivil	62,518	100%	62,518	115	665	2015	Well workover and recompletion
Surubi	90,811	100%	90,811			2026	Drill exploration well, Proa-1, in fourth quarter 2007
Valle Morado	50,019	93.2%	46,608			2033	No plans for 2007
Ipaguazu	43,268	100%	43,268		323	2026	Evaluating IP-1 well workover and sidetrack on Guadalupe-1 well
Santa Victoria	1,033,749	100%	1,033,749			(3)	Exploration opportunities are being evaluated for drilling in 2008
Total	1,930,373		1,488,853	455	1,895		

(1) Oil production is based on the average December 2006 production rate.

(2) Oil reserves are proved reserves reported in thousands of

barrels, net of royalties.

(3) *Expires in May 2008. Term is extended by 25 years if a discovery is made.*

(4) *We produce natural gas in the Nacatimbay area. Natural gas production in December 2006 was 440 thousand cubic feet per day and total proved reserves at December 31, 2006 were 1,465 million cubic feet.*

Palmar Largo

The Palmar Largo joint venture block encompasses 365,045 acres. This asset is comprised of several producing oil fields in the Noroeste Basin of northern Argentina. We own a 14% working interest in the Palmar Largo joint venture asset. Approximately 41.8 million barrels of oil (gross before royalties) have been recovered from the area since 1984. A total of 14 gross wells are currently producing. Our share of remaining proved reserves as of December 31, 2006 is 422,000 barrels (net after 12% royalties) according to an independent reserve assessment. The oil quality ranges from 39 to 47 degrees API.

Table of Contents

Our 14% share of oil production averaged 285 barrels per day, net of royalties, during 2006. The average sales price was \$34.75 per barrel, with an average cost of production of \$21.42 per barrel, providing \$13.33 per barrel of net revenue. During 2005, our share of oil production averaged 293 barrels per day, net of royalties, with an average sales price of \$37.80 per barrel and an average cost of production of \$8.90 per barrel, providing \$28.90 per barrel of net revenue. The Palmar Largo asset provides us with a reliable stream of cash flow to finance further exploration and development initiatives in Argentina. Our work program for 2007 involves optimization of well performance and expenses to maximize net revenues from the property.

We purchased the assets of Palmar Largo from Dong Won Corporation in September 2005. In the first quarter of 2006 the joint venture partners drilled and completed the Ramon Lista 1001 well, of which we hold a 14% working interest. The recent history of the property includes the following activities:

The joint venture partners at Palmar Largo conducted a 3-D seismic survey over a portion of the area in 2003 and identified several exploration prospects.

An exploration well was drilled in late 2005 but did not indicate commercial quantities of oil. A portion of the drilling costs for this well was factored into our purchase price for Palmar Largo.

Drilling on the Ramon Lista-1001 well was completed in December 2005. Production from the well began in early February 2006 at 299 barrels per day (gross after 12% royalty) or 42 barrels per day net to us. No additional wells were drilled in the area during 2006.

The Palmar Largo block rights expire in 2017 but provide for a ten-year extension. We do not have any outstanding work commitments. At expiry of the block rights, ownership of the producing assets will revert to the provincial government.

Nacatimbay

We acquired a 100% working interest in the Nacatimbay area through two transactions. We purchased a 50% working interest from Dong Won Corporation in September 2005. We purchased the remaining 50% working interest from CGC in November 2006. Production from the Nacatimbay oil, gas and condensate field began in 1996. Three wells were drilled and one was producing until February 28, 2006, when its production was suspended due to low flow conditions. The natural gas well produced 41,447 thousand cubic feet from January 1 to February 28, 2006, at which point the well was shut in due to low flow rates. In October 2006, the suspended well was reactivated after surface facilities were upgraded and it produced for two additional months in 2006. The well is currently producing approximately 440 thousand cubic feet per day of natural gas and 12 barrels of condensate per day, net of royalties.

We intend to continue to optimize production in this field during 2007 and explore opportunities to re-enter the Nacatimbay 1001 and 1002 wells.

The Nacatimbay block rights expire in 2022 with a provision for a ten year extension if a discovery is made. We do not have any outstanding work commitments. At expiry of the block rights, ownership of the producing assets will revert to the provincial government.

Ipaguazu

We acquired a 100% working interest in the Ipaguazu area through two transactions. We purchased a 50% working interest from Dong Won Corporation in September 2005. We purchased the remaining 50% working interest from CGC in November 2006. Ipaguazu is located in the Noroeste Basin in northern Argentina. The oil and gas field was discovered in 1981 and produced approximately 100 thousand barrels of oil and 400 million cubic feet of natural gas until 2003. No producing activities are carried out in the field at this time. The Ipaguazu block covers 43,268 acres and has not been fully appraised, leaving scope for both reactivation and exploration in the future. Currently we are evaluating a side track on the Guadalupe-1 well and a workover on the Ipaguazu-1 well.

Table of Contents

The Ipaguazu block rights expire in 2016 with a ten year extension if a discovery is made. We do not have any outstanding work commitments. At expiry of the block rights, ownership of the producing assets will revert to the provincial government.

El Vinalar

We entered into an agreement with Golden Oil Corporation to acquire a 50% working interest in the El Vinalar Block located in the Noroeste Basin, effective June 2006. This acquisition added a significant new land position and approximately 43 barrels of daily oil production from 1.5 net wells, net before royalties, to our asset base in Argentina. El Vinalar covers 248,340 acres and contains a portfolio of exploration leads and oil field enhancement opportunities.

A sidetrack of EVN-1 well was successfully completed in December 2006, and began producing in January 2007. Gross production, after royalties, averaged 600 barrels per day during January 2007. Net production, based on our 50% working interest was 300 barrels per day.

The El Vinalar rights expire in 2016 with a ten year extension if a discovery is made. We do not have any outstanding work commitments. At expiry of the block rights, ownership of the producing assets will revert to the provincial government.

Chivil, Surubi, Valle Morado, Santa Victoria

We purchased working interests in four additional properties from CGC in November and December 2006. These properties add to our existing portfolio of exploration and development opportunities and expand our production base in Argentina. Farm-in partners are being sought to participate in some of the 2007 drilling program for these properties.

Additional information on the Chivil, Surubi, Valle Morado and Santa Victoria fields follows:

- § The Chivil field was discovered in 1987. Three wells were drilled; two remain in production. The field has produced 1.5 million barrels to date.
- § Valle Morado was first drilled in 1989. Rights to the area were purchased by Shell in 1998, who subsequently completed a 3-D seismic program over the field and constructed a gas plant and pipeline infrastructure. Production began in 1999 from a single well, and was shut-in in 2001 due to water incursion. We are evaluating opportunities to re-establish production from the field.
- § Surubi and Santa Victoria are exploration fields and have no production history.

Reserves Summary-Argentina

**Crude Oil Estimated Reserves
Net to Gran Tierra, after Royalty, at December 31,**

	Oil 2005 (thousand barrels)			Oil 2006 (1) (thousand barrels)		
	Proved	Proved	Total	Proved	Proved	Total
	Developed	Undeveloped	Proved	Developed	Undeveloped	Proved
Palmar Largo	462	119	581	404	18	422
Ipaguazu				323		323
Nacatimbay	2		2	19		19
El Vinalar				191	275	466
Chivil				476	189	665
Surubi						
Valle Morado						
Santa Victoria						

TOTAL	464	119	583	1,413	482	1,895
--------------	-----	-----	-----	-------	-----	-------

(1) *Reserves
certified by
Gaffney, Cline
and Associates,
as of
December 31,
2006.*

45

Table of Contents

**Natural Gas Estimated Reserves
Net to Gran Tierra, after Royalty, at December 31,**

	Natural Gas 2005 (1) (million cubic feet)			Natural Gas 2006 (1) (million cubic feet)		
	Proved	Proved	Total Proved	Proved	Proved	Total Proved
	Developed	Undeveloped		Developed	Undeveloped	
Palmar Largo						
Ipaguazu						
Nacatimbay	24.5		24.5	1,465		1,465
El Vinalar						
Chivil						
Surubi						
Valle Morado						
Santa Victoria						
TOTAL	24.5		24.5	1,465		1,465

(1) Reserves certified by Gaffney, Cline and Associates, as of December 31, 2006.

No estimates of proved reserves have been filed with any other Federal authority or agency since January 1, 2006.

Production Profile Argentina

Net of royalties	Oil Production (Bbls)		Oil Price (\$/Bbl)		Oil Production Costs (\$/Bbl)		Net Revenue (\$/Bbl)	
	2005	2006	2005	2006	2005	2006	2005	2006
Palmar Largo	106,945	103,982	\$37.80	\$34.75	\$ 8.90	\$ 21.42	\$28.90	\$13.33
Nacatimbay	1,825		\$37.80	\$	\$ 8.90	\$	\$28.90	\$
El Vinalar		7,872		\$53.16	\$	\$ 18.49	\$	\$34.67
Chivil		3,567		\$51.57	\$	\$ 18.49	\$	\$33.08
TOTAL	108,770	115,421	\$37.80	\$36.53	\$ 8.90	\$ 21.13	\$28.90	\$ 15.40

Net of royalties	Gas Production (Mcf)		Gas Price (\$/Mcf)		Gas Production Costs (\$/Mcf)		Net Revenue (\$/Mcf)	
	2005	2006	2005	2006	2005	2006	2005	2006
Palmar Largo (1)		156,471	\$	\$	\$	\$	\$	\$
Nacatimbay	180,310	41,447	\$1.50	\$1.74	\$ 0.45	\$ 0.54	\$1.06	\$1.20
El Vinalar			\$	\$	\$	\$	\$	\$

Chivil			\$	\$	\$	\$	\$	\$
TOTAL	180,310	197,918	\$1.50	\$1.74	\$ 0.45	\$ 0.54	\$1.06	\$1.20

(1) Production of natural gas at Palmar Largo is not sold. It is used as fuel for power and gas lift for production.

Table of Contents**Acreage Argentina**

Crude Oil	GRAN TIERRA, December 31,							
	Developed Gross (1)		Developed Net (2)		Undeveloped Gross (1)		Undeveloped Net (2)	
	2005	2006	2005	2006	2005	2006	2005	2006
Palmar Largo	301,700	365,045	42,238	51,106				
Ipaguazu	43,200	43,268	21,600	43,268				
Nacatimbay	36,600	36,623	18,300	36,623				
El Vinalar		248,340		124,170				
Chivil		62,518		62,518				
Surubi						90,811		90,811
Valle Morado						50,019		46,608
Santa Victoria						1,033,749		1,033,749
TOTAL	381,500	755,794	82,138	317,685		1,174,579		1,171,168

(1) Gross represents the total acreage at each property.

(2) Net represents our interest in the total acreage at each property.

Productive Wells - Argentina

(Number of wells)	GRAN TIERRA, December 31,							
	Oil Productive -Net		Oil Productive -Gross		Gas Productive -Net		Gas Productive -Gross	
	2005	2006	2005	2006	2005	2006	2005	2006
Palmar Largo	2.2	2.0	16	14				
Ipaguazu								
Nacatimbay					1	1	1	1
El Vinalar		1.5		3				
Chivil		2.0		2				
Surubi								
Valle Morado								
Santa Victoria								
TOTAL	2.2	5.5	16	19	1	1	1	1

Drilling Activity - Argentina

Productive - Net (2)

Dry Net (2)

	Productive - Gross				Dry Gross			
	(1)				(1)			
	2005	2006	2005	2006	2005	2006	2005	2006
Exploration								
Development	1	1	0.14	0.14				
TOTAL	1	1	0.14	0.14				

(1) Represents the total number of wells at which there is drilling activity.

(2) Represents Gran Tierra's interest in the total number of wells at which there is drilling activity.

As of December 31, 2006, there were two drilling projects in Argentina which were in progress. The Puesto Climaco-2 side track well located on the El Vinalar block was in the process of being drilled. We completed the well and began production in January 2007. Gross production, after royalties, averaged approximately 600 barrels per day during January 2007 of which our share, based on a 50% working interest, was 300 barrels per day.

We were also in the process of performing a workover on the Ipaguazu-1 well located on the Ipaguazu block. This workover was completed in January 2007 but we were unable to re-establish production.

Table of Contents**Oil and Gas Properties-Colombia**

Gran Tierra lands highlighted in yellow. Other licenses in grey. Green dots are producing oil fields.

In June 2006, we purchased Argosy Energy International L.P. and became the operator of eight blocks in Colombia. The Santana and Guayuyaco blocks are currently producing. The Rio Magdalena, Talora, Chaza, Primavera, Azar and Mecaya blocks are in their exploration phases. Argosy was subsequently renamed Gran Tierra Energy Colombia SA.

Property	Field	Gross Acreage	WI%	Net Acres	Oil Reserves		Lease Expiry	2007 Plans
					Oil (1) Bbl/day	MBbl (2)		
Santana		1,119	35%	392	365			Facility & well enhancement work
	Linda					48	2015	
	Mary					400	2015	
	Inchiyaco					39	2015	
	Miraflor					127	2015	
	Toroyaco					223	2015	
Guayuyaco		52,365	35%	18,328	327	197		Drill Juanambu-1 & 2030 Florestra-1 wells
Chaza		80,241	50%	40,121			2027	Drill exploration well
Mecaya		74,131	15%	11,120		61	2034	Seismic & drilling preparation
Azar		51,639	80%	41,311			2012	Purchase seismic; reenter existing well
Rio Magdalena		144,670	100%	144,670			2030	Drill exploration well
Talora		108,336	20%	21,667			2032	Drill two exploration wells
Primavera		359,064	15%	53,860			2036	Drill two exploration wells
Total		871,565		331,468	692	1,095		

(1) Average oil production from date of

*acquisition,
June 21, 2006 to
December 31,
2006.*

- (2) *Oil reserves are reported in thousands of barrels as proved reserves net of royalties.*

Table of Contents

Santana

The Santana block covers 1,119 acres and includes 15 producing wells in 4 fields—Linda, Mary, Miraflor and Toroyaco, and one non-producing field, Inchiyaco. Activities are governed by terms of an Association Contract with Ecopetrol, and we are the operator. The properties are subject to a 20% royalty and we hold a 35% interest in all fields with the exception of one well located in the Mary field, where we hold a 25.83% working interest. Ecopetrol holds the remaining interests. The block has been producing since 1991.

Oil is sold to Ecopetrol and is exported via the Trans-Andean pipeline. Oil prices are defined by contract and are related to a West Texas Intermediate reference price. By contract, 25% of sales are denominated in pesos and 75% in US dollars. The production contract expires in 2015, at which time the property will be returned to the government. As a result, there will be no reclamation costs.

In 2007, we will undertake remedial work on various wells and the upgrade of the Mary field water processing facility.

Guayuyaco

The Guayuyaco block covers 52,365 acres and includes the area surrounding the 4 producing fields of the Santana contract area. The Guayuyaco block is governed by an Adjacent Play Association Contract with Ecopetrol, resulting in a royalty of 8%. We are the operator and have a 35% participation interest. The Guayuyaco field was discovered in 2005. Two wells are now producing, with Guayuyaco-1 commencing production in February 2005 and Guayuyaco-2 beginning production in September 2005. Production (net of royalty) averaged 327 barrels per day from the date of acquisition June 21, 2006 to December 31, 2006. Oil quality and sales terms are comparable to Santana oil and volumes are similarly transported via the Trans-Andean pipeline for export. A combined 2D and 3D seismic survey was acquired over the block in 2005. Ecopetrol may back-in to a 30% participation interest in any new discoveries in the block.

The contract expires in two phases: the exploration phase and the production phase. The exploration phase expires in 2008 and the production phase expires in 2030. In March 2007, we completed drilling the Juanambu-1 exploration well and have been and are performing production testing in April and May 2007. During 2007, we will be performing remedial work on the Guayuyaco field. The property will be returned to the government upon expiration of the production contract. As a result, there will be no reclamation costs.

Rio Magdalena

Argosy Energy International L.P. entered into the Rio Magdalena Association Contract in February 2002. The Rio Magdalena block covers 144,670 acres and is located approximately 75 km west of Bogota, Colombia. There are no reserves at this time, as this is an exploration block. We purchased Argosy's 100% working interest in June 2006 and we are now the operator. According to the terms of the exploration contract, we are committed to drill three exploration wells prior to February 2008. The first of these wells, Popa-1, was drilled in late 2006 and was subsequently plugged and abandoned after testing oil production at non-commercial rates (60 barrels per day). The drilling for the second exploration well, Caneyes-1, began in late December 2006 and was subsequently plugged and abandoned in February 2007. We have entered the final exploration phase, which expires February 28, 2008. One additional exploration well will be drilled before the contract expires. The production contract expires in 2030 at which time the property will be returned to the government. As a result, there will be no reclamation costs.

According to the terms of the Association Contract, Ecopetrol may back-in for a 30% participation upon commercialization, and a sliding scale royalty will apply. The royalty rate is currently at 8%.

Table of Contents

Chaza

The Chaza block covers 80,241 acres and is governed by the terms of an Exploration & Exploitation Contract with the government agency ANH (Hydrocarbons National Agency), reflecting improved fiscal terms in Colombia introduced in 2004. We are the operator and hold a 50% participation interest. There is no production or reserves for this field, at this time. One commitment exploration well is planned to be drilled during 2007. The contract for this field expires in two phases. The exploration phase expires in 2011 and the production phase ends in 2027. The property will be returned to the government upon expiration of the production contract. As a result, there will be no reclamation costs.

Talora

We hold a 20% working interest and are the operator for the Talora block as a result of our acquisition of Argosy. The Exploration & Exploitation Contract associated with the block was originally signed in September 2004, providing for a 6 year exploration period and 28 year production period. The Talora contract area covers 108,336 acres and is located approximately 75 km west of Bogota, Colombia. There are currently no reserves, as this is an exploration block. We commenced drilling on the Laura-1 exploration well on December 27, 2006 and it was subsequently plugged and abandoned in January 2007. Drilling of this well has fulfilled our commitment for the second exploration phase of the contract, ending December 31, 2006. The third exploration phase has begun and there is one commitment one drill a well associated with it. The property will be returned to the government upon expiration of the production contract. As a result, there will be no reclamation costs.

Primavera

The Primavera Exploration & Exploitation contract was signed May 2006. The Primavera contract area covers 359,064 acres in the Llanos basin. We are the operator and have a 15% participation interest. Chaco Resources also has a 55% participation interest. In 2007, we plan to drill two wells in the Primavera area. The property will be returned to the government upon expiration of the production contract. As a result, there will be no reclamation costs.

Mecaya

The Mecaya Exploration & Exploitation contract was signed June 2006. The Mecaya contract area covers 74,131 acres in southern Colombia, about 150 km southeast of Pasto. We are the operator and have a 15% participation interest. There are currently no reserves booked for this field because this is an exploration block. There is an indigenous population in the area and work plans may require local consultation. In this event, phases 1 and 2 of the exploration contract will be extended by 6 months each. The first phase is scheduled to expire June 2007. Work plans include 2-D seismic and reprocessing, road construction, plus re-completion of the existing Mecaya-1 well bore. Phase two of the exploration contract expires in 2010. The production contract for this field expires in 2034. The property will be returned to the government upon expiration of the production contract. As a result, there will be no reclamation costs.

Azar

We acquired an 80% interest in the Azar property in late 2006. This exploration block covers 51,639 acres. We plan to purchase seismic in 2007 to assess exploitation opportunities and we plan to re-enter an existing well on the property during 2007. The production contract expires in 2012 for this property.

Table of Contents**Reserves Summary Colombia****Crude Oil - Estimated Reserves
Net to Gran Tierra, after Royalty, at December 31,**

	Proved Developed	Oil 2006 (1) (2) (thousand barrels) Proved Undeveloped	Total Proved
Santana	838		838
Guayuyaco	196		196
Chaza			
Mecaya		61	61
Azar			
Rio Magdelene			
Talora			
Primavera			
TOTAL	1,034	61	1,095

(1) Reserves certified by Gaffney, Cline and Associates, as of December 31, 2006.

(2) We have no reserves of natural gas in Colombia.

No estimates of proved reserves have been filed with any other Federal authority or agency since January 1, 2006.

Production Profile Colombia

	Oil Production (Bbl)		Oil Price (\$/Bbl)		Production Costs (\$/Bbl)		Net Revenue (\$/Bbl)	
	2005	2006	2005	2006	2005	2006	2005	2006
Net of Royalties	(1)							
Santana		70,746		\$51.59		\$ 13.50		\$38.09
Guayuyaco		63,523		\$53.16		\$ 7.61		\$45.55
TOTAL		134,269		\$52.33		\$ 10.71		\$41.62

(1) Colombian assets were

*acquired**June 21, 2006.***Productive Wells Colombia**

(Number of wells)	Oil Productive -Net		Oil Productive -Gross	
	2005	2006	2005	2006
Santana	5	5	15	15
Guayuyaco	1	1	2	2
Chaza				
Mecaya				
Azar				
Rio Magdelene				
Talora				
Primavera				
TOTAL	6	6	17	17

Table of Contents**Acreage Colombia**

Crude Oil	Developed Gross (1)		Developed Net (2)		Undeveloped Gross (1)		Undeveloped Net (2)	
	2005	2006	2005	2006	2005	2006	2005	2006
Santana		1,119		392				
Guayuyaco		52,365		18,328				
Chaza						80,241		40,121
Mecaya						74,131		11,120
Azar						51,639		41,311
Rio Magdalena						144,670		144,670
Talora						108,336		21,667
Primavera						359,064		53,860
TOTAL		53,484		18,719		818,103		312,749

(1) *Gross represents the total acreage at each property.*

(2) *Net represents our interest in the total acreage at each property.*

Drilling Activity Colombia

	Productive - Gross (1)		Productive - Net (2)		Dry - Gross		Dry - Net	
	2005	2006	2005	2006	2005	2006	2005	2006
Exploration	1		0.35			1		1
Development	1		0.35					
TOTAL	2		0.70			1		1

(1) *Represents the total number of wells at which there is drilling activity.*

(2) *Represents Gran Tierra's interest in the*

*total number of
wells at which
there is drilling
activity.*

As of December 31, 2006 two wells were in the process of being drilled in Colombia. The Laura-1 well, which is located in the Talora block, was plugged and abandoned because it was dry in January 2007. The Juanambu-1 well, located in the Guayuyaco block, was in the initial stage of preparing for drilling at December 31, 2006. The well has since been successfully drilled. We are awaiting test results due in May 2007.

Oil and Gas Properties Peru

Gran Tierra lands highlighted in yellow. Other licenses in grey. Green dots are producing oil fields.

Table of Contents**Blocks 122 and 128**

We were awarded two exploration blocks in Peru during 2006. Block 122 covers 1,217,730 acres and block 128 covers 2,218,503 acres. A license contract for the exploration and exploitation of hydrocarbons is effective between Gran Tierra and PeruPetro S.A. for block 128 and 122. The blocks are located in the eastern flank of the Marañon Basin in northern Peru, on the crest of the Iquitos Arch. We now hold the largest working interest in this trend. Over the next 15 to 18 months, we plan to purchase and analyze seismic data for these areas. There is a 5-20%, sliding scale, royalty rate on the lands, dependent on production levels. The exploration contracts expire in 2014 and work commitments are defined in four exploration periods spread over seven years. There is a financial commitment of \$5 million over the seven years for each block which includes technical studies, seismic acquisition and the drilling of exploration wells. Acquisition of technical data is planned for 2007 to be followed by seismic work in 2008 and drilling in 2009. The production contract expires in 2044.

Acreage Peru

	Undeveloped Gross (1)		Undeveloped Net (2)	
	2005	2006	2005	2006
Block 122		1,217,730		1,217,730
Block 128		2,218,503		2,218,503
TOTAL		3,436,233		3,436,233

(1) *Represents the total number of wells at which there is drilling activity.*

(2) *Represents Gran Tierra's interest in the total number of wells at which there is drilling activity.*

Table of Contents**MANAGEMENT****Executive Officers and Directors**

Set forth below is information regarding our directors, executive officers and key personnel as of April 2, 2007.

Name	Age	Position
Dana Coffield	48	President and Chief Executive Officer; Director
Martin H. Eden	59	Chief Financial Officer
Max Wei	56	Vice President, Operations
Rafael Orunesu	50	President, Gran Tierra Energy Argentina
Edgar Dyes	61	President, Argosy Energy/Gran Tierra Energy Colombia
Jeffrey Scott	44	Chairman of the Board of Directors
Walter Dawson	66	Director
Verne Johnson	62	Director
Nadine C. Smith	49	Director
James Hart	52	Director

Our directors and officers hold office until the earlier of their death, resignation, or removal or until their successors have been qualified.

Dana Coffield, President, Chief Executive Officer and Director. Before joining Gran Tierra as President, Chief Executive Officer and a Director in May, 2005, Mr. Coffield led the Middle East Business Unit for EnCana Corporation, North America's largest independent oil and gas company, from 2003 through 2005. His responsibilities included business development, exploration operations, commercial evaluations, government and partner relations, planning and budgeting, environment/health/safety, security and management of several overseas operating offices. From 1998 through 2003, he was New Ventures Manager for EnCana's predecessor AEC International where he expanded activities into five new countries on three continents. Mr. Coffield was previously with ARCO International for ten years, where he participated in exploration and production operations in North Africa, SE Asia and Alaska. He began his career as a mud-logger in the Texas Gulf Coast and later as a Research Assistant with the Earth Sciences and Resources Institute where he conducted geoscience research in North Africa, the Middle East and Latin America. Mr. Coffield has participated in the discovery of over 130,000,000 barrels of oil equivalent reserves.

Mr. Coffield graduated from the University of South Carolina with a Masters of Science degree and a doctorate (PhD) in Geology, based on research conducted in the Oman Mountains in Arabia and Gulf of Suez in Egypt, respectively. He has a Bachelor of Science degree in Geological Engineering from the Colorado School of Mines. Mr. Coffield is a member of the AAPG, the GSA and the CSPG, and is a Fellow of the Explorers Club.

Martin H. Eden, Chief Financial Officer. Mr. Eden joined our company as Chief Financial Officer on January 2, 2007. He has over 26 years experience in accounting and finance in the energy industry in Canada and overseas. He was Chief Financial Officer of Artumas Group Inc., a publicly listed Canadian oil and gas company from April 2005 to December 2006 and was a director from June to October, 2006. He has been president of Eden and Associates Ltd., a financial consulting firm, from January 1999 to present. From October 2004 to March 2005 he was CFO of Chariot Energy Inc., a Canadian private oil and gas company. From January 2004 to September 2004, he was CFO of Assure Energy Inc., a publicly traded oil and gas company listed in the United States. From January 2001 to December 2002, he was CFO of Geodyne Energy Inc., a publicly listed Canadian oil and gas company. From 1997 to 2000, he was Controller and subsequently CFO of Kyrgoil Corporation, a publicly listed Canadian oil and gas company with operations in Central Asia. He spent nine years with Nexen Inc. (1986-1996), including three years as Finance Manager for Nexen's Yemen operations and six years in Nexen's financial reporting and special projects areas in its Canadian head office. Mr. Eden has worked in public practice, including two years as an audit manager for Coopers & Lybrand in East Africa. Mr. Eden holds a Bachelor of Science degree in Economics from Birmingham University, England, a Masters of Business Administration from Henley Management College/Brunel University, England, and is a member of the Institute of Chartered Accountants of Alberta and the Institute of Chartered Accountants in England and Wales.

Table of Contents

Max Wei, Vice President, Operations. Mr. Wei is a Petroleum Engineering graduate from University of Alberta and has twenty-five years of experience as a reservoir engineer and project manager for oil and gas exploration and production in Canada, the US, Qatar, Bahrain, Oman, Kuwait, Egypt, Yemen, Pakistan, Bangladesh, Russia, Netherlands, Philippines, Malaysia, Venezuela and Ecuador, among other countries. Mr. Wei began his career with Shell Canada and later with Imperial Oil, in Heavy Oil Operations. He moved to the US in 1986 to work with Bechtel Petroleum Operations at Naval Petroleum Reserves in Elk Hills, California and eventually joined Occidental Petroleum in Bakersfield. Mr. Wei returned to Canada in 2000 as Team Leader for Qatar and Bahrain operations with AEC International and its successor, EnCana Corporation, where he worked until 2004. He completed a project management position with Petronas in Malaysia in April, 2005, before joining Gran Tierra in May, 2005.

Mr. Wei is specialized in reservoir engineering, project management, production operations, field acquisition and development, and mentoring. He is a registered Professional Engineer in the State of California and a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Wei has a BSc in Petroleum Engineering from the University of Alberta and Certification in Petroleum Engineering from Southern Alberta Institute of Technology.

Rafael Orunesu, Vice President, Latin America. Mr. Orunesu joined Gran Tierra in March 2005 and brings a mix of operations management, project evaluation, production geology, reservoir and production engineering as well as leadership skills to Gran Tierra, with a South American focus. He was most recently Engineering Manager for Pluspetrol Peru, from 1997 through 2004, responsible for planning and development operations in the Peruvian North jungle. He participated in numerous evaluation and asset purchase and sale transactions covering Latin America and North Africa, incorporating 200,000,000 barrels of oil over a five-year period. Mr. Orunesu was previously with Pluspetrol Argentina from 1990 to 1996 where he managed the technical/economic evaluation of several oil fields. He began his career with YPF, initially as a geologist in the Austral Basin of Argentina and eventually as Chief of Exploitation Geology and Engineering for the Catriel Field in the Nuequén Basin, where he was responsible for drilling programs, workovers and secondary recovery projects.

Mr. Orunesu has a postgraduate degree in Reservoir Engineering and Exploitation Geology from Universidad Nacional de Buenos Aires and a degree in Geology from Universidad Nacional de la Plata, Argentina.

Edgar Dyes, President Argosy Energy / Gran Tierra Energy Colombia. Mr. Dyes joined our company through the acquisition of Argosy Energy International L.P., where he was Executive Vice-President and Chief Operating Officer. His experience in the Colombian oil industry spans twenty-one years, with the last six years in charge of Argosy Energy's planning, management, finance and administration activities. Mr. Dyes began his career with Union Texas Petroleum as a petroleum accountant, where he eventually advanced into supervision and management positions in international operations for the company. He subsequently worked for Quintana Energy Corporation; Jackson Exploration, Inc.; CSX Oil and Gas; and Garnet Resources Corporation, where he held the position of Chief Financial Officer. Mr. Dyes has worked in various financial and management roles on projects located in the United Kingdom, Germany, Indonesia, Oman, Brunei, Egypt, Somalia, Ecuador and Colombia. Mr. Dyes holds a Bachelor's degree in Business Management from Stephen F. Austin State University, with postgraduate studies in accounting.

Jeffrey Scott, Chairman of the Board of Directors. Mr. Scott has served as Chairman of our board of directors since January 2005. Since 2001, Mr. Scott has served as President of Postell Energy Co. Ltd., a privately held oil and gas producing company. He has extensive oil and gas management experience, beginning as a production manager of Postell Energy Co. Ltd in 1985 advancing to President in 2001. Mr. Scott is also currently a Director of Saxon Energy Services, Inc., Suroco Energy, Inc., VGS Seismic Canada Inc., and Essential Energy Services Trust, all of which are publicly traded companies. Mr. Scott holds a Bachelor of Arts degree from the University of Calgary, and a Masters of Business Administration from California Coast University.

Table of Contents

Walter Dawson, Director. Mr. Dawson has served as a director since January 2005. Mr. Dawson is the founder of Saxon Energy Services, a publicly traded company since 2001, and currently serves as Chairman of the Board of Directors of Saxon, which is an international oilfield services company. Before his time at Saxon, Mr. Dawson served for 19 years as President, Chief Executive Officer and a director and founded what became known as Computalog Gearhart Ltd., which is now an operating division of Precision Drilling Corp. Computalog's primary businesses are oil and gas logging, perforating, directional drilling and fishing tools. Mr. Dawson instituted a technology center at Computalog, located in Fort Worth, Texas, a developer of electronics designed to develop wellbore logging tools. In 1993 Mr. Dawson founded what became known as Enserco Energy Services Company Inc., formerly Bonus Resource Services Corp. Enserco entered the well servicing businesses through the acquisition of 26 independent Canadian service rig operators. Mr. Dawson is currently a director of VGS Seismic Canada Inc., Suroco Energy, Inc. and Action Energy Inc. (formerly High Plains Energy Inc.) all of which are publicly traded companies.

Verne Johnson, Director. Mr. Johnson has served as a director since April 2005. Starting with Imperial Oil in 1966, he has spent his entire career in the petroleum industry, primarily in western Canada, contributing to the growth of oil and gas companies of various sizes. He worked with Imperial Oil Limited until 1981 (including two years with Exxon Corporation in New York from 1977 to 1979). From 1981 to 2000, Mr. Johnson served in senior capacities with companies such as Paragon Petroleum Ltd., ELAN Energy Inc., Ziff Energy Group and Enerplus Resources Group. He was President and Chief Executive Officer of ELAN Energy Inc., President of Paragon Petroleum and Senior Vice President of Enerplus Resources Group until February 2002. Mr. Johnson retired in February 2002. Mr. Johnson is a director of Fort Chicago Energy Partners LP, Harvest Energy Trust, Blue Mountain Energy Ltd., Builders Energy Services Trust and Mystique Energy, all publicly traded companies. Mr. Johnson received a Bachelor of Science degree in Mechanical Engineering from the University of Manitoba in 1966. He is currently president of his private family company, KristErin Resources Ltd.

Nadine C. Smith, Director. Ms. Smith has served as a director since January 10, 2006. She has served as a director of Patterson-UTI, which is traded on NASDAQ, since May 2001 and served as a director of UTI from 1995 to May 2001. Ms. Smith is also a director of American Retirement Corporation, a New York Stock Exchange listed company that owns and manages senior housing properties. From August 2000 to December 2001, Ms. Smith was President of Final Arrangements, LLC, a company providing software and web-based internet services to the funeral industry. From April 2000 to August 2000, she served as the President of Aegis Asset Management, Inc., an asset management company. From 1997 to April 2000, Ms. Smith was President and Chief Executive Officer of Enidan Capital Corp., an investment company. Previously, Ms. Smith was an investment banker and principal with NC Smith & Co. and The First Boston Corporation and a management consultant with McKinsey & Co. Ms. Smith holds a Bachelor of Science degree in economics from Smith College and a Masters of Business Administration from Yale University.

James Hart, Director. Mr. Hart has served as a director since May 2005 and as Vice President Finance and Chief Financial Officer from May, 2005 to December 2006. Previously, Mr. Hart was an internal consultant with EnCana Corporation, from 2001 through April 2005, providing specialized business analyses, ideas and advice for international and corporate clients. Previously, from 1994 to 2001, he was Treasurer of Gulfstream Resources, an international oil and gas company active in Qatar, Oman and Madagascar (eventually acquired by Anadarko). Mr. Hart's prior experience includes a varied tenure at Nexen (formerly Canadian Occidental Petroleum) from 1984 to 1994, as Manager of the company's worldwide Treasury activities and as Senior Advisor responsible for corporate acquisitions. He began his career with the Alberta Petroleum Marketing Commission, providing policy advice to the Provincial Government. Mr. Hart graduated from the University of Manitoba with a Masters in Natural Resources Management (Economics specialization) and a Bachelor of Science degree in Geology.

Our above-listed officers and directors have neither been convicted in any criminal proceeding during the past five years nor been parties to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining them from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities law or commodities law. Similarly, no bankruptcy petitions have been filed by or against any business or property of any of our directors or officers, nor has any bankruptcy petition been filed against a partnership or business association in which these persons were general

partners or executive officers.

Table of Contents

Our board of directors consists of six directors and includes two committees: an audit committee and a compensation committee. We adhere to the Nasdaq Marketplace Rules in determining whether a director is independent and our board of directors has determined that four of our six directors, Messrs. Scott, Johnson and Dawson and Ms. Smith, are independent within the meaning of Rule 4200(a)(15) of the NASD's published listing standards.

Compensation Discussion and Analysis

All dollar amounts discussed below are in U.S. dollars. To the extent that contractual amounts are in Canadian dollars, they have been converted into US dollars for the purposes of the discussion below at an exchange rate of one Canadian dollar to US \$0.8581, which is the conversion rate at December 31, 2006.

Compensation Objectives

The overall objectives of our compensation program are to attract and retain key executives who are the best suited to make our company successful and to reward individual performance to motivate our executives to accomplish our goals.

Compensation Process

The Compensation Committee recommends amounts of compensation for the Chief Executive Officer for approval by our board of directors. Our Chief Executive Officer recommends amounts of compensation for our other executive officers to our Compensation Committee, which considers these recommendations in connection with the goals and criteria discussed below. The Compensation Committee then makes its determination, taking our Chief Executive Officer's recommendations into account, and makes its recommendations to our board of directors for approval.

Our practice is to consider compensation annually (at year-end), including the award of equity based compensation. Our Compensation Committee is currently defining items of corporate performance to be considered in future compensation, which it expects will include budget targets (production, reserves, capital expenditures, operating costs), financial measures (e.g., liquidity) and share price performance, in addition to other objectives. Our compensation practices to date have been largely discretionary but within an increasingly formalized framework. Our Compensation Committee intends to define elements of personal performance by the achievement of agreed objectives. This process is expected to be initiated by the Chief Executive Officer, whose objectives will be documented and accepted by the board of directors. Objectives for the remaining executives are within the context of the Chief Executive Officer's objectives and include other, more specific goals. This process has been initiated for 2007.

Elements of Compensation

Our Compensation Committee, which consists of three non-executive directors, has determined that we shall have three basic elements of compensation—base salary, cash bonus and equity incentives. Each component has a different purpose.

We believe that base salaries at this stage in our growth must be competitive in order to retain our executive. We believe that principal performance incentives should be in the form of long-term equity incentives given the financial resources of our company and the longer-term nature of our business plan. Long-term incentives to date have been in the form of stock options but our equity incentive plan also provides for other incentive forms, such as restricted stock and stock bonuses, which the Compensation Committee is not considering at this time. Short-term cash bonuses are a common element of compensation in our industry and among our peers to which we must pay attention, but our ability and desire to use cash bonuses are closely tied to the immediate cash resources of our company. The Compensation Committee ultimately considers the split between the three forms of compensation relative to our peers for each position, relative to the contributions of each executive, and the operational and financial achievements of our company and our financial resources. This exercise has been based on consensus among the members of the Compensation Committee.

Executive compensation through 2005 and the first part of 2006 was sufficient to attract and retain our management team but had fallen significantly behind industry norms by the end of 2006 and as our company grew beyond a start-up phase. In late-2006, the Compensation Committee determined that it was necessary to review compensation and subscribed to the compensation survey described below as a starting point for a more structured and competitive compensation process. Our goal is to provide competitive compensation and an appropriate

Table of Contents

compensation structure for an emerging oil and gas company relative to our stage of growth, financial resources and success.

Third Party Source Used

In late 2006, we subscribed to the 2006 Mercer Total Compensation Survey for the Petroleum Industry, which covers oil and gas companies located in Canada, and which presents compensation components and statistical ranges by position description for peer groupings within the industry. The survey is published annually and is widely recognized as a leading survey of its kind in Canada.

The survey provider is Mercer Human Resource Consulting. The primary purpose of the survey is to collect and consolidate meaningful data on salaries and benefits in the oil and gas industry in Canada, including those with international operations. The original survey participants were 158 companies in the oil and gas industry based in Canada, including those with international operations. The survey divided the 158 companies into six peer groups based on relative levels of production and revenues. There are 48 companies in our peer group with average production between 1,000 and 4,000 barrels of oil equivalent per day, including those with international operations. The results of the survey and the participants are confidential and cannot be disclosed in accordance with the confidentiality agreement signed with the survey provider.

Salary

Salary amounts for our executive officers for 2006 was pre-determined based on individually-negotiated agreements with each of the executive officers when they joined our company. Prior to November 2005, we were a private Canadian company incorporated in January 2005. For 2005 and for 2006, the four inaugural executives of our company received the same base salary of approximately \$150,000 per year. Rafael Orunesu, who is President of our operations in Argentina, was the first hire of our company in March 2005. Mr. Orunesu negotiated his employment agreement directly with our board of directors. Dana Coffield, James Hart and Max Wei, who are located in Calgary, joined Gran Tierra in May 2005 and collectively negotiated terms of their employment with our board of directors. As a start-up company with limited financial resources, base salary in all instances was a discount to prior base salaries for each executive at their previous employer. All executives agreed to the same base compensation to reflect the team nature of the venture. All signed employment agreements outlined the potential for base salary increases, equity incentives and cash bonuses if deemed appropriate by the board of directors. The agreements did not specify the amount or any criteria for determining the bonuses and equity incentives, and so these determinations may be made by our board of directors in its sole discretion. The executives purchased founding shares to substantiate their commitment to our company and provide additional financial incentives.

In April 2006, Mr. Dyes became our President, Argosy Energy/Gran Tierra Energy Colombia. He too negotiated his employment agreement, which provided for his annual base salary of \$105,000 plus an annual supplemental salary of up to \$42,000, the exact amount to be determined by the amount of time that he spends in Colombia in excess of what is required under the employment agreement. This agreement, too, did not specify the amount or any criteria for determining the bonuses and equity incentives, and so these determinations may be made by our board of directors in its sole discretion.

In January 2007, Mr. Eden became our Chief Financial Officer. The terms of Mr. Eden's employment agreement were individually negotiated by Mr. Eden, and are described below in *Agreements with Executive Officers*. The agreement did not specify the amount or any criteria for determining the bonuses and equity incentives, and so these determinations may be made by our board of directors in its sole discretion.

For 2007, the Compensation Committee recommended to the board of directors, and our board of directors approved, modest increases to the salaries of our executive officers, so that their annual salaries for 2007 will be as follows:

Mr. Coffield \$214,525
 Mr. Hart \$193,073
 Mr. Wei \$171,620
 Mr. Orunesu \$180,000
 Mr. Dyes \$180,000

Table of Contents

These base salaries were determined by our Compensation Committee based upon its review of the Mercer survey, targeting the 50th - 75th percentile as being appropriate to retain the services of our executives, the exact amount determined by the Compensation Committee's subjective assessment of the appropriate salary for each executive given their performance and roles within our company.

Bonus

No cash bonuses were paid to our executives for 2005 as this was deemed inappropriate by mutual agreement of our board of directors and our executives for our first year of operation.

In 2006, our Compensation Committee used the Mercer survey to establish bonuses for our executives. In doing so, the Compensation Committee targeted the 50th - 75th percentile for the position within the peer group for the industry as being appropriate to retain the services of our executives. In doing so, the Compensation Committee did not use any pre-determined criteria or formulas, but rather based its decisions within that range based on its subjective assessment of the executives' contribution to our company, our company's operational and financial results, and our financial resources, taken as a whole.

For 2007 we are in the process of implementing a more objective approach but our Compensation Committee has not finalized items of corporate performance to be considered for 2007. These benchmarks are likely to include various operating and financial measures, but the specific measures for corporate performance and weighting of all measures have not been determined.

Target bonuses for 2007 for our executive officers have not been set for 2007.

Individual objectives have been defined for 2007 as follows:

Chief Executive Officer The principal objectives for our Chief Executive Officer and President, which have been recommended by our Compensation Committee and approved by our board of directors, are as follows:

Execute approved \$13.5 million capital expenditure work program (within +/- 10% of budget) which includes the drilling of 10 exploration wells, 8 in Colombia and 2 in Argentina.

Exit 2007 at production rate of 2,000 barrels of oil per day, net after royalty

Add 2.9 million barrels of proven, probable and possible oil reserves

Maintain direct finding costs for new oil reserves at \$4.67 per barrel

Reduce general and administration costs by 10% on a barrel of oil produced basis

Reduce operating costs by 10% per barrel of oil produced

Environment Health Safety and Security meet or exceed relevant industry standards; target zero lost time incidents

Ensure all regulatory and financial commitments with host government agencies are met

Ensure, with Chief Financial Officer, that all financial reporting, controls and procedures, budgeting and forecasting, and corporate governance requirements are identified and maintained

Move Gran Tierra off OTC Bulletin Board to senior exchange

Resolve current registration statement and associated penalty issues

Revise our strategy and position to execute next step change in growth

Increase both personal and Gran Tierra exposure to current and potential new shareholder base

Chief Financial Officer The principal objectives for our Chief Financial Officer are as follows:

Maintain, develop and enhance management and financial reporting systems

Develop and enhance budgeting and forecasting systems

Assist our Chief Executive Officer in developing corporate strategy and long-term plan

59

Table of Contents

Ensure compliance with Sarbanes Oxley requirements, including implementation of corporate governance, internal controls and financial disclosure controls

Secure additional sources of financing as required

Assist our Chief Executive Officer in developing and implementing an investor relations strategy

Address tax planning strategies

Assist our Chief Executive Officer in developing administration and human resources function

Vice-President, Operations The principal objectives for the Vice-President, Operations are:

Exit 2007 at 2,000 barrels of oil per day, net after royalty

Add 2.9 million barrels of proven, probable and possible oil reserves

Reduce operating costs by 10% per barrel of oil produced

Meet or exceed relevant Environment Health Safety and Security industry standards, targeting zero lost time incidents

Design, implement, test and monitor emergency response plans for all operating arenas

Complete 2007 drilling/workover program within budget and without incidents

Design and manage peer review of all proposed drilling, production and facility upgrade projects, ensuring standardized commercial evaluations are undertaken for each

Design and manage post-mortem reviews of all drilling, production and facility upgrade projects, explaining any deviations from plan or budget, and distributing learnings to peers for integration into future projects

Identify opportunities from current portfolio of exploration and development leads on our existing land base for 2008 drilling

Ensure integration of all IT (Information Technology) applications and hardware in all our operating offices

President, Gran Tierra Energy Colombia and the President, Gran Tierra Argentina The principal objectives for the President, Gran Tierra Energy Colombia and the President, Gran Tierra Argentina for 2007 have been defined in context of the 2007 Budget, which defines a work program, capital expenditure budget and operating results for the year. No personal objectives have been defined at this time.

The weighting of all of the individual performance goals have not been determined, nor has the percentage contribution of the individual performance goals to bonus determination been determined, but will be set prior to the end of 2007.

Equity Incentives

In November 2005, an equal number of stock options (162,500) were granted to each executive officer then with our company when we became a public company and under the terms of our 2005 Equity Incentive Plan. These awards were deemed appropriate by our board of directors based on its subjective assessment as to the appropriate level, and were equal to reflect the equal contributions of each executive. No options had been granted prior to this time.

In November 2006, our Compensation Committee granted options to each of our executive officers as follows: Mr. Coffield, 200,000 shares; Mr. Hart, 125,000 shares; Mr. Wei, 100,000 shares; Mr. Orunesu, 100,000 shares; and Mr. Dyes, 100,000 shares. The Compensation Committee determined the level of these awards based on the Mercer

survey, again targeting the 50th - 75th percentile for the position within the peer group for the industry based on value according to a Black-Scholes calculation. In doing so, the Compensation Committee did not use any pre-determined criteria or formulas, but rather based its decisions within that range based on its subjective assessment of the appropriate incentive level given the executives' respective roles in our company.

In connection with Mr. Eden joining our company, our Compensation Committee granted him an option to purchase 225,000 shares of our common stock. The amount of the stock options was negotiated with Mr. Eden in connection with the negotiation of his employment agreement.

Table of Contents

Termination and Change in Control Provisions

Our employment agreements with our executive officers contain termination and change in control provisions. These provisions provide that our executive officers will receive severance payments in the event that their employment is terminated other than for cause or if they terminate their employment with us for good reason, as discussed in Agreements with Executive Officers below. The termination and change-in control provisions are industry standard clauses reached with the executives in arms-length negotiations at the time that they entered into the employment agreements with us.

Table of Contents

Summary Compensation Table

All dollar amounts set forth in the following tables reflecting executive officer and director compensation are in U.S. dollars.

The following table shows for the fiscal year ended December 31, 2006, compensation awarded to or paid to, or earned by, our Chief Executive Officer, Chief Financial Officer and our three other most highly compensated executive officers at December 31, 2006 (the Named Executive Officers):

Table of Contents**Summary Compensation Table for Fiscal 2006**

Name and principal position	Year	Salary (\$) (1)	Bonus (\$)	Option Awards (\$)(2)(3)	All Other Compensation (\$) (4)	Total (\$)
Dana Coffield President and Chief Executive Officer	2006	\$154,458	\$92,250	\$23,400		\$270,108
James Hart Former Vice President, Finance and Chief Financial Officer	2006	\$154,458	\$92,250	\$14,625		\$261,133
Rafael Orunesu President, Gran Tierra Argentina	2006	\$150,000	\$42,907	\$11,700	\$ 9,200	\$213,807
Max Wei Vice President, Operations	2006	\$154,458	\$42,907	\$17,503		\$214,868
Edgar Dyes President, Argosy Energy/Gran Tierra Energy Columbia	2006	\$138,750	\$25,000			\$163,750

(1) Dana Coffield and James Hart salaries and bonus are paid in Canadian dollars and converted into US dollars for the purposes of the above table at the December 31, 2006 exchange rate of one Canadian dollar to US \$0.8581.

(2) Granted under terms of our 2005 Equity Incentive Plan.

(3)

Assumptions made in the valuation of stock options granted are discussed in Note 6 to our 2006 Consolidated Financial Statements. Reflects the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding estimates of forfeiture.

- (4) Cost of living allowance.

Grants of Plan-Based Awards

The following table shows for the fiscal year ended December 31, 2006, certain information regarding grants of plan-based awards to the Named Executive Officers:

Grants of Plan-Based Awards in Fiscal 2006

Name	Grant Date	All Other Option Awards:	Exercise or Base Price of	Grant Date Fair Value of
		Number of Securities Underlying Options (#)		
Mr. Coffield	11/8/2006	200,000	Option Awards (\$/Sh) 1.27	(\$)(1) \$ 84,080
Mr. Hart	11/8/2006	125,000	1.27	\$ 52,550
Mr. Wei	11/8/2006	100,000	1.27	\$ 42,550
Mr. Orunesu	11/8/2006	100,000	1.27	\$ 42,550
Mr. Dyes	11/8/2006	100,000	1.27	\$ 42,550

- (1) Represents the grant date fair value of such option award as determined in

accordance with
SFAS 123R.
These amounts
have been
calculated in
accordance with
SFAS No. 123R
using the Black
Scholes
valuation
model.

Table of Contents**Agreements with Executive Officers**

We have entered into executive employment agreements with all members of our current management team. The employment agreements entered into between Gran Tierra and Dana Coffield, James Hart and Max Wei have identical terms except for the position held by each such person and terms related to participation on the board of directors for Mr. Coffield and Mr. Hart. The respective employment agreements provide for an initial annual base salary of CDN\$180,000 (\$154,458 US dollars) and provide (a) for the executive to receive an annual bonus as determined by our board of directors, and (b) the right to participate in our stock option plans in the event of an initial public offering of our common stock. The bonuses are to be paid within 60 days of the end of the preceding year based on the executive performance. The agreements do not provide for any criteria for determining the magnitude of the bonuses and option grants and, therefore, the determination of the bonuses and grants are in the sole discretion of the board of directors, using the criteria the board of directors deem appropriate.

The executives employment agreements became effective on May 1, 2005 and have initial terms of three-years, subject to extension or earlier termination and provide for severance payments to each employee, in the event the employee is terminated without cause or the employee terminates the agreement for good reason, in the amount of two times total compensation for the prior year. Good reason includes an adverse change in the executive's position, title, duties or responsibilities, or any failure to re-elect him to such position (except for termination for cause). Initial contract terms for Messrs. Coffield, Hart and Wei included rights to purchase 200,000 shares of our common stock before an initial public offering. These rights have been removed, with the mutual consent of Gran Tierra and the applicable executives. All agreements include standard indemnity, insurance, non-competition and confidentiality provisions.

We have also entered into an employment agreement with Mr. Orunesu, through our Ecuadorian subsidiary which provides for an initial annual base salary of \$150,000, annual bonuses and options as may be determined by the board of directors in its sole discretion. The contract includes provision for payment of a cost of living adjustment of \$55,200 per year. The agreement became effective on March 1, 2005 and has an initial term of two years, which is subject to extension or earlier termination. The agreement provides for severance payments in the event of the employee's termination without cause or for good reason, in an amount equal to the salary payable under the employment agreement during any remaining time in the initial two year term. Initial rights provided in Mr. Orunesu's agreement, to purchase 200,000 shares of our common stock before an initial public offering, have since been removed with mutual consent of us and Mr. Orunesu.

We entered into an employment agreement with Mr. Dyes, President of Gran Tierra Colombia, formerly Argosy Energy International, which provides for an initial base salary of \$108,000 per year plus a supplemental amount of up to \$42,000 per year if he provides services in excess of 15 days per month in Colombia. In addition, the agreement provides for an annual bonus along the same terms as described above for Messrs. Coffield, Hart and Wei, as well as the right to participate in our company's stock option plans, without specifying the amount or criteria used. The contract became effective on April 1, 2006 and terminates on April 1, 2008. Mr. Dyes also receives reasonable living expenses while performing his duties in Colombia. The agreement provides for severance payments equal to the amount of base salary plus bonus received for the prior 12-month period in the event of termination without cause, termination for good reason or termination for disability, prorated for the remaining term of the agreement, payable within 30 days.

On December 1, 2006, we entered into an executive employment agreement with Mr. Eden that provides for an initial annual base salary of CDN\$ 225,000 (\$193,073) In addition, the agreement provides for an annual bonus along the same terms as described above of Messrs. Coffield, Hart and Wei, as well as the right to participate in our company's stock option plans, without specifying the amount of criteria used. Mr. Eden's employment agreement became effective on January 2, 2007 and has an initial term of three years, subject to extension or earlier termination and provides for severance payments, in the event he is terminated without cause or terminates the agreement for good reason, in the amount of the greater of total cash compensation of the remaining term and one year's total cash compensation, with total cash compensation meaning annualized salary plus bonus for the prior 12-month period.

Good reason includes an adverse change in the Mr. Eden's position, title, duties or responsibilities, or any failure to re-elect him to such position (except for termination for cause). Mr. Eden's employment agreement includes customary

indemnity, insurance, non-competition and confidentiality provisions.

Outstanding Equity Awards at Fiscal year -end.

The following table shows for the fiscal year ended December 31, 2006, certain information regarding outstanding equity awards at fiscal year end for the Named Executive Officers.

The following table provides information concerning unexercised options for each Named Executive, based on the executives performance Officer outstanding as of December 31, 2006.

Table of Contents

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Dana Coffield	54,167(1)	108,333(2) 200,000(3)	\$ 0.80 \$ 1.27	11/10/2015 11/8/2016
James Hart	54,167(1)	108,333(2) 125,000(3)	\$ 0.80 \$ 1.27	11/10/2015 11/8/2016
Max Wei	54,167(1)	108,333(2) 100,000(3)	\$ 0.80 \$ 1.27	11/10/2015 11/8/2016
Rafael Orunesu	54,167(1)	108,333(2) 100,000(3)	\$ 0.80 \$ 1.27	11/10/2015 11/8/2016
Edgar Dyes		100,000(3)	\$ 1.27	11/8/2016

(1) The right to exercise the shares reported in this column vested on November 10, 2006.

(2) The right to exercise one-half of the shares reported in this column will vest on November 10, 2007 and November 10, 2008, in each such case if the option holder is still employed by Gran Tierra on such date.

- (3) The right to exercise one-third of the shares reported in this column will vest on each of November 8, 2007, November 8, 2009 and November 8, 2010.

Potential Payouts Upon Termination or Change in Control

In the event of a termination for good reason including a change in control of the company, Messrs. Coffield, Hart and Wei are eligible to receive a payment of two times prior year total compensation. Payment to Mr. Orunesu is equal to salary payable under the agreement from the time of the event to the remaining term of the contract. Payment to Mr. Dyes is equal to prior year compensation. If a change of control had occurred on December 31, 2006, and our named executive officers terminated for good reason, or if they were terminated other than for cause, they would have received the following payments:

	Name	Payment
Mr. Coffield		\$493,416
Mr. Hart		\$493,416
Mr. Wei		\$394,730
Mr. Orunesu		\$ 37,500
Mr. Dyes		\$163,750

Subsequent to December 31, 2006, Mr. Hart resigned as an employee of our company and, therefore, is not entitled to receive any payments under these arrangements.

Table of Contents**Director Compensation**

Name	Option Awards (\$)(1)	Total (\$)
Jeffrey Scott	\$ 16,156	\$16,156
Walter Dawson	\$ 10,771	\$10,771
Verne Johnson	\$ 10,771	\$10,771
Nadine C. Smith	\$ 10,771	\$10,771

(1) The stock options were granted under terms of our 2005 Equity Incentive Plan in 2005. Assumptions made in the valuation of stock options granted are discussed in Note 6 to our 2006 Consolidated Financial Statements.

Reflects the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding estimates of forfeiture.

There were no compensation arrangements in place in 2006 for the members of our board of directors who are not also our employees. In 2007, we intend to pay a fee of \$12,872 per year to each director who serves on our board of directors and an additional \$12,872 per year for the chairman of our board of directors. We will also pay an additional fee of \$6,436 per year for each committee chair and a fee of \$644 for each meeting attended. Directors who are not our employees are eligible to receive awards under our 2005 Equity Incentive Plan. Compensation arrangements with the directors who are also our employees are described in the preceding sections of this prospectus under the heading Executive Compensation.

Compensation Committee Interlocks and Insider participation

Our Compensation Committee currently consists of Mr. Johnson, Mr. Scott and Mr. Dawson. None of the members of our Compensation Committee has at any time been an officer or employee of Gran Tierra. No member of our Board or our Compensation Committee served as an executive officer of another entity that had one or more of our executive officers serving as a member of that entity's board or compensation committee.

PRINCIPAL AND SELLING STOCKHOLDERS**Beneficial Ownership of Our Common Stock by Our Directors, Officers and Holders of 5% of our Common Stock**

The following table sets forth information regarding the beneficial ownership of our common stock as of February 2, 2007 by (1) each person who, to our knowledge, beneficially owns more than 5% of the outstanding shares of the common stock; (2) each of our directors and executive officers; and (3) all of our executive officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is 300, 611-10th Avenue, S.W., Calgary, Alberta, Canada, T2R 0B2. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days following February 2, 2007 are deemed outstanding for computing the share ownership and percentage of the person holding such options and warrants, but are not deemed outstanding for computing the percentage of any other person. All share numbers and ownership percentage calculations below assume that all exchangeable shares of Goldstrike Exchange Co. have been converted on a one-for-one basis into corresponding shares of our common stock.

Table of Contents

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percentage of Class
Dana Coffield (2)	1,888,829	1.98%
James Hart (3)	1,743,850	1.83%
Max Wei (3)	1,783,834	1.87%
Rafael Orunesu (3)	1,863,850	1.95%
Jeffrey Scott (4)	2,563,861	2.68%
Walter Dawson (5)	3,005,952	3.14%
Verne Johnson (6)	1,662,884	1.74%
Nadine C. Smith (7)	2,099,094	2.19%
Greywolf Capital Management LP (8)	10,000,001	10.12%
Millennium Global Investments Limited (9)	5,002,500	5.15%
US Global Investors, Inc. (10)	5,858,675	6.14%
Directors and officers as a group (total of 8 persons)	16,612,154	17.13%

(1) Beneficial ownership is calculated based on 95,455,765 shares of common stock issued and outstanding as of February 2, 2007, which number includes shares of common stock issuable upon the exchange of the exchangeable shares of Goldstrike Exchange Co. issued to certain former holders of Gran Tierra Canada's common stock. Beneficial ownership is determined in accordance with Rule 13d-3 of

the SEC. The number of shares beneficially owned by a person includes shares of common stock underlying options or warrants held by that person that are currently exercisable or exercisable within 60 days of February 2, 2007. The shares issuable pursuant to the exercise of those options or warrants are deemed outstanding for computing the percentage ownership of the person holding those options and warrants but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Unless otherwise indicated, the persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite that

person's name,
subject to
community
property laws,
where
applicable.

(2) The number of shares beneficially owned includes an option to acquire 54,167 shares of common stock exercisable within 60 days of February 2, 2007, and a warrant to acquire 48,334 shares of common stock exercisable within 60 days of February 2, 2007. The number of shares beneficially owned also includes 1,689,683 exchangeable shares.

(3) The number of shares beneficially includes an option to acquire 54,167 shares of common stock exercisable within 60 days of February 2, 2007. All other shares beneficially owned by such

stockholder are exchangeable shares.

- (4) The number of shares beneficially includes an option to acquire 50,000 shares of common stock exercisable within 60 days of February 2, 2007, and a warrant to acquire 274,991 shares of common stock exercisable within 60 days of February 2, 2007. The number of shares beneficially owned also includes 1,688,889 exchangeable shares.
- (5) The number of shares beneficially includes an option to acquire 33,333 shares of common stock exercisable within 60 days of February 2, 2007. The number beneficially owned also includes warrants to acquire 375,000

shares of common stock exercisable within 60 days of February 2, 2007, of which warrants to acquire 275,000 shares are held by Perfco Investments Ltd (Perfco). The number of shares beneficially owned also includes 550,000 shares of common stock directly owned by Perfco and 158,730 shares of common stock directly owned by Mr. Dawson s spouse. The number of shares beneficially owned includes 1,688,889 exchangeable shares, of which 1,587,302 are held by Perfco. Mr. Dawson is the sold owner of Perfco and has sole voting and investment power over the shares beneficially owned by Perfco. Mr. Dawson disclaims beneficial ownership over

the shares
owned by
Mr. Dawson's
spouse.

Table of Contents

- (6) The number of shares beneficially includes an option to acquire 33,333 shares of common stock exercisable within 60 days of February 2, 2007, and a warrant to acquire 112,496 shares of common stock exercisable within 60 days of February 2, 2007. The number of shares beneficially owned includes 1,292,064 exchangeable shares, of which 396,825 are held by KirstErin Resources, Ltd., a private family-owned business of which Mr. Johnson is the President. Mr. Johnson has sole voting and investment power over the shares held by KirstErin Resources, Ltd.
- (7) The number of shares beneficially includes an option to

acquire 33,333 shares of common stock exercisable within 60 days of February 2, 2007, and a warrant to acquire 362,500 shares of common stock exercisable within 60 days of February 2, 2007.

- (8) Greywolf Capital Management LP is the investment manager for (a) Greywolf Capital Overseas Fund (GCOF), which owns 4,800,000 shares of common stock and a warrant to acquire 2,400,000 shares of common stock exercisable within 60 days of February 2, 2007, and (b) Greywolf Capital Partners II (GCP), which owns 1,888,667 shares of common stock and a warrant to acquire 933,334 shares of common stock exercisable within 60 days of February 2,

2007. William Troy has the power to vote and dispose of the shares of common stock beneficially owned by GCOF and GCP. The address for Greywolf Capital Management LP is 4 Manhattanville Road, Purchase, NY 10577.

- (9) Includes shares beneficially owned by Millennium Global High Yield Fund Limited (the High Yield Fund) and Millennium Global Natural Resources Fund Limited (the Natural Resources Fund). The High Yield Fund owns 2,668,000 shares of common stock and a warrant to acquire 1,334,000 shares of common stock exercisable within 60 days of February 2, 2007. The Natural Resources Fund owns 667,000

shares of
common stock
and a warrant to
acquire 333,500
shares of
common stock
exercisable
within 60 days
of February 2,
2007. Joseph
Strubel has the
power to vote
and dispose of
the shares of
common stock
beneficially
owned by the
High Yield
Fund and the
Natural
Resources Fund.
The address for
Millennium
Global
Investments
Limited is 57-59
St. James Street,
London, U.K.,
SW1A 1LD.

- (10) Includes shares
beneficially
owned by US
Global Investors
Global
Resources Fund
(the Global
Fund) and US
Global Investors
Balanced
Natural
Resources Fund
(the Balanced
Fund). The
Global Fund
owns 3,883,675
shares of
common stock
and a warrant to
acquire
1,550,000

shares of common stock exercisable within 60 days of February 2, 2007. The Balanced Fund owns 233,333 shares of common stock and a warrant to acquire 116,667 shares of common stock exercisable within 60 days of February 2, 2007. The remaining 858,675 shares of common stock are owned by the Meridian Resources Fund. U.S. Global Investors has the power to vote and dispose of the shares of common stock beneficially owned by the Global Fund, the Balanced fund and the Meridian Resources Fund. The address for US Global Investors, Inc. is 7900 Callaghan Road, San Antonio, Texas 78229.

Selling Stockholders

This prospectus covers shares, including shares underlying warrants, sold in our recent private equity offering to accredited investors as defined by Rule 501(a) under the Securities Act pursuant to an exemption from registration provided in Regulation D, Rule 506 under Section 4(2) of the Securities Act. The selling stockholders may from time to time offer and sell under this prospectus any or all of the shares listed opposite each of their names below. We are required, under a registration rights agreement, to register for resale the shares of our common stock described in the table below.

The following table sets forth information about the number of shares beneficially owned by each selling stockholder that may be offered from time to time under this prospectus. Certain selling stockholders may be deemed to be underwriters as defined in the Securities Act. Any profits realized by the selling stockholder may be deemed to be underwriting commissions.

The table below has been prepared based upon the information furnished to us by the selling stockholders as of January 10, 2007. The selling stockholders identified below may have sold, transferred or otherwise disposed of some or all of their shares since the date on which the information in the following table is presented in transactions exempt from or not subject to the registration requirements of the Securities Act. Information

Table of Contents

concerning the selling stockholders may change from time to time and, if necessary, we will amend or supplement this prospectus accordingly. We cannot give an estimate as to the number of shares of common stock that will be held by the selling stockholders upon termination of this offering because the selling stockholders may offer some or all of their common stock under the offering contemplated by this prospectus. The total number of shares that may be sold hereunder will not exceed the number of shares offered hereby. Please read the section entitled "Plan of Distribution" in this prospectus.

We have been advised, as noted below in the footnotes to the table, none of the selling stockholders are broker-dealers and 13 of the selling stockholders are affiliates of broker-dealers. We have been advised that each such affiliate of a broker-dealer purchased our common stock and warrants in the ordinary course of business, not for resale, and at the time of purchase, did not have any agreements or understandings, directly or indirectly, with any person to distribute the related common stock.

The following table sets forth the name of each selling stockholder, the nature of any position, office, or other material relationship, if any, which the selling stockholder has had, within the past three years, with us or with any of our predecessors or affiliates, and the number of shares of our common stock beneficially owned by such stockholder before this offering. The number of shares owned are those beneficially owned, as determined under the rules of the SEC, and such information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares of common stock as to which a person has sole or shared voting power or investment power and any shares of common stock which the person has the right to acquire within 60 days through the exercise of any option, warrant or right, through conversion of any security or pursuant to the automatic termination of a power of attorney or revocation of a trust, discretionary account or similar arrangement.

Beneficial ownership is calculated based on 95,455,765 shares of our common stock outstanding as of January 10, 2007, which includes 16,666,667 exchangeable shares of Goldstrike Exchange Co. issued to holders of Gran Tierra Canada's common stock. Beneficial ownership is determined in accordance with Rule 13d-3 of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock subject to options or warrants held by that person that are currently exercisable or become exercisable within 60 days of January 10, 2007 are deemed outstanding even if they have not actually been exercised. Those shares, however, are not deemed outstanding for the purpose of the table. The persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the stockholder's name, subject to community property laws, where applicable.

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
Alan Rubin ¹	99,999	99,999		
Alec P. Morrison and Sandra Morrison ²	150,000	150,000		
Alexander Cox ³	1,005,000	1,005,000		
Alfonso Kimche ⁴	25,001	25,001		
Alvin L. Gray ⁵	150,000	150,000		
Anne Lindsay Cohn Holstead ⁶	75,000	75,000		
Anthony Jacobs ⁷	300,000	300,000		
Arnold Schumsky ⁸	50,000	50,000		
Arthur Sinensky ⁹	99,999	99,999		

Edgar Filing: GRAN TIERRA ENERGY, INC. - Form S-1/A

Atlantis Company Profit Sharing Plan ¹⁰	90,000	90,000		
Bancor Inc. ¹¹	150,000	150,000		
Ben T. Morris ¹²	138,750	45,000	93,750	*
Benedek Investment Group, LLC ¹³	150,000	150,000		
Bill Birdwell & Willie C. Birdwell ¹⁴	37,500	37,500		
	69			

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
Bill Haak & Johnnie S. Haak ¹⁵	75,000	75,000		
Blake Selig ¹⁶	30,000	30,000		
BMO Nesbitt Burns I/T/F: A/C 402-204-1224 ¹⁷	349,998	349,998		
Bobby Smith Cohn ¹⁸	75,000	75,000		
Brad D. Sanders ¹⁹	37,500	37,500		
Bret D. Sanders ²⁰	37,500	37,500		
Brian Cole ²¹	25,500	25,500		
Brian Kuhn ²²	255,000	255,000		
Brian Payne and Heather Payne T/I/C ²³	22,500	22,500		
Brion Bailey ²⁴	22,500	22,500		
Bristol Investment Fund, Ltd. ²⁵	500,000	500,000		
Bruce R. McMaken ²⁶	25,500	25,500		
Bruce Slovin ²⁷	150,000	150,000		
Brunella Jacs LLC ²⁸	99,999	99,999		
Capital Ventures International ²⁹	1,500,000	1,500,000		
Carl Pipes ³⁰	30,000	30,000		
Carmax Enterprises Corporation ³¹	30,000	30,000		
Carmen Neufeld ³²	149,988	149,988		
Carol C. Barbour Profit Sharing Plan FBO: Carol C. Barbour ³³	75,000	75,000		
Carol Edelson ³⁴	24,999	24,999		
Carol Tambor ³⁵	50,000	50,000		
Carter Pope ³⁶	200,000	200,000		
Caryl R. Reese and Albert L. Reese ³⁷	45,000	45,000		
Castlerigg Master Investments Ltd. ³⁸	2,000,001	2,000,001		
Cathy Selig ³⁹	50,001	50,001		
CD Investment Partners, Ltd ⁴⁰	1,000,001	1,000,001		
Chad Oakes ⁴¹	644,957	269,985	374,972	*
Charles R. Offner and Diane Offner ⁴²	202,500	202,500		
Chester Family 1997 Trust UAD 12/09/1997 ⁴³	50,000	50,000		
Chris Gandolfo ⁴⁴	15,000	15,000		
Christian Thomas Swinbank UAD 03/14/06 ⁴⁵	50,001	50,001		
Christine M. Sanders ⁴⁶	75,000	75,000		
Chuck Ramsay ⁴⁷	50,000	50,000		
	249,999	249,999		

City and Claremont Capital Assets
Limited⁴⁸

Clarence Tomanik ⁴⁹	149,988	149,988		
Constance O. Welsch/Simple IRA ⁵⁰	15,000	15,000		
Courtney Cohn Hopson Separate Account ⁵¹	75,000	75,000		
Cranshire Capital, L.P. ⁵²	249,999	249,999		
Crescent International Ltd. ⁵³	450,000	450,000		
Dale Foster ⁵⁴	191,825	74,988	116,837	*
Dale Tremblay ⁵⁵	99,999	99,999		
Dan L. Duncan ⁵⁶	375,000	375,000		
Dan O Brief ⁵⁷	45,000	45,000		
Dana Quentin Coffield ⁵⁸	1,834,662	100,001	1,734,661	1.4%
Daniel Corbin ⁵⁹	82,500	82,500		
Daniel Todd Dane ⁶⁰	849,977	99,999	749,978	*
Don A. Sanders ⁶¹	675,000	300,000	375,000	*
	70			

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
Datavision Computer Video, Inc. ⁶²	50,001	50,001		
David L. Shadid ⁶³	50,001	50,001		
David M. Breen & Shelly P. Breen ⁶⁴	22,500	22,500		
David M. Robichaux PSP ⁶⁵	25,001	25,001		
David N. Malm Anaesthesia Inc. ⁶⁶	45,000	45,000		
David Shapiro ⁶⁷	45,000	45,000		
David T. Jensen ⁶⁸	50,000	50,000		
David Towery ⁶⁹	45,000	45,000		
David Westlund ⁷⁰	90,000	90,000		
Delores Antonsen ⁷¹	60,000	60,000		
DKR Soundshore Oasis Holding Fund Ltd. ⁷²	500,000	500,000		
Don S. Cook ⁷³	50,000	50,000		
Donald A. Wright ⁷⁴	1,658,730	750,000	908,730	*
Donald J. Roennigke ⁷⁵	37,500	37,500		
Donald L. Poarch ⁷⁶	45,000	45,000		
Donald Moss ⁷⁷	80,000	80,000		
Donald R. Kendall, Jr. ⁷⁸	37,500	37,500		
Donald Streu ⁷⁹	25,500	25,500		
Donald V. Weir and Julie E. Weir ⁸⁰	258,750	165,000	93,750	*
Donna Moss ⁸¹	22,500	22,500		
Dr. William Grose Agency ⁸²	50,000	50,000		
Duane Renfro ⁸³	50,001	50,001		
Duke Family Rev. Living Trust UAD 03/08/2006 ⁸⁴	50,000	50,000		
Ed McAninch ⁸⁵	60,000	60,000		
Edmund Melhado ⁸⁶	150,000	150,000		
Edward B. Antonsen ⁸⁷	102,500	82,500	20,000	*
Edward F. Heil ⁸⁸	249,999	249,999		
Edward Muchowski ⁸⁹	308,730	150,000	158,730	*
Edwin Freedman ⁹⁰	300,000	300,000		
Elizabeth Kirby Cohn McCool Separate Property ⁹¹	75,000	75,000		
Emily H. Todd Separate Property ⁹²	30,000	30,000		
Emily Harris Todd IRA ⁹³	24,999	24,999		
Enable Growth Partners LP ⁹⁴	1,125,000	1,125,000		
Enable Opportunity Partners LP ⁹⁵	225,000	225,000		
Eric Glen Weir ⁹⁶	45,000	45,000		

Edgar Filing: GRAN TIERRA ENERGY, INC. - Form S-1/A

F. Berdon Co. L.P. ⁹⁷	45,000	45,000		
Faccone Enterprises Ltd. ⁹⁸	45,625	30,000	15,625	*
Frank J. Metyko Residuary Trust ⁹⁹	24,999	24,999		
Fred A. Stone, Jr. ¹⁰⁰	45,000	45,000		
Fred Parrish Investments PTY Ltd. ¹⁰¹	100,001	100,001		
Gary Friedland ¹⁰²	30,000	30,000		
Gary Gee Wai Hoy and Lily Lai Wan Hoy ¹⁰³	41,119	25,500	15,619	*
George L. Ball ¹⁰⁴	198,750	105,000	93,750	*
Georges Antoun & Martha Antoun ¹⁰⁵	50,000	50,000		
Gerald Golub ¹⁰⁶	50,001	50,001		
Gerriann Sweeney & Louis Paul Lohn Com Prop ¹⁰⁷	100,001	100,001		
	71			

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
Glenn Andrew Welsch TTEE Constance Welsch Trust U/A DTD 12/18/95 ¹⁰⁸	22,500	22,500		
Glenn Fleischhacker ¹⁰⁹	25,001	25,001		
Gonzalo Vazquez ¹¹⁰	105,000	105,000		
Gottbetter & Partners, LLP in Trust for Besser Kapital Fund Ltd ¹¹¹	100,001	100,001		
Grace To ¹¹²	15,000	15,000		
Gran Tierra Investments ¹¹³	249,999	249,999		
Grant E. Sims and Patricia Sims ¹¹⁴	75,000	75,000		
Eric R. Sims UTMA TX ¹¹⁵	7,500	7,500		
Ryan S. Sims UTMA TX ¹¹⁶	7,500	7,500		
Scott A. Sims UTMA TX ¹¹⁷	7,500	7,500		
Grant Hodgins ¹¹⁸	41,119	25,500	15,619	*
Gregg J. Sedun ¹¹⁹	212,491	150,000	62,491	*
Gregory Selig Lewis ¹²⁰	30,000	30,000		
Greywolf Capital Overseas Fund LP ¹²¹	7,200,000	7,200,000		
Greywolf Capital Partners II, LP ¹²²	2,800,001	2,800,001		
H. Markley Crosswell, III ¹²³	22,500	22,500		
Hal Rothbaum ¹²⁴	100,001	100,001		
Harborview Master Fund LP ¹²⁵	150,000	150,000		
Harvey Friedman Francine Friedman ¹²⁶	25,001	25,001		
Hazel Bennett ¹²⁷	15,000	15,000		
Heather and Ian Campbell ¹²⁸	20,001	20,001		
Herbert Lippin ¹²⁹	30,000	30,000		
Hiroshi Ogata ¹³⁰	30,000	30,000		
Hollyvale Limited ¹³¹	35,500	25,500	10,000	*
Hooter s Welding Ltd ³²	20,250	20,250		
Howard Simon ¹³³	99,999	99,999		
Hudson Bay Fund, LP ¹³⁴	149,499	149,499		
Hudson Bay Overseas Fund, Ltd. ¹³⁵	50,001	50,001		
Humphrey Family Limited Partnership ¹³⁶	30,000	30,000		
Hunter & Co. LLC Defined Pension Plan ¹³⁷	52,500	52,500		
Ilex Investments LP ¹³⁸	300,000	300,000		
Investcorp Interlachen Multi-Strategy Master Fund Limited ¹³⁹	3,000,000	3,000,000		
IRA FBO Andrew Klein Pershing LLC as Custodian ¹⁴⁰	24,999	24,999		
	225,000	225,000		

IRA FBO Anthony Jacobs Pershing LLC as Custodian Rollover Account ¹⁴¹		
IRA FBO Bessie Montesano Pershing LLC as Custodian ¹⁴²	50,001	50,001
IRA FBO Christopher Neal Todd, Pershing LLC as Custodian Rollover Account ¹⁴³	30,000	30,000
IRA FBO Erik Klefos Pershing LLC as Custodian ¹⁴⁴	45,000	45,000
IRA FBO Hyman Gildenhorn Pershing LLC as Custodian ¹⁴⁵	228,000	228,000
IRA FBO Jeff G. Mallett / Pershing LLC as Custodian / Roth Account ¹⁴⁶	30,000	30,000
IRA FBO Jill Anne Harris Pershing as Custodian ¹⁴⁷	25,001	25,001
	72	

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
IRA FBO Lewis S. Rosen Pershing LLC as Custodian ¹⁴⁸	24,999	24,999		
IRA FBO Linda Lorelle Gregory/Pershing LLC as Custodian ¹⁴⁹	45,000	45,000		
IRA FBO Lisa Marcelli Pershing LLC as Custodian ¹⁵⁰	24,999	24,999		
IRA FBO Marc W. Evans Pershing LLC as Custodian ¹⁵¹	24,999	24,999		
IRA FBO Merila F. Peloso Pershing LLC as Custodian Rollover Account ¹⁵²	24,999	24,999		
IRA FBO Paul H. Sanders, Jr./Pershing LLC as Custodian Rollover Account ¹⁵³	15,000	15,000		
IRA FBO Paula L. Santoski Pershing LLC as Custodian ¹⁵⁴	50,000	50,000		
IRA FBO Robert C. Clifford Pershing LLC as Custodian Rollover Account ¹⁵⁵	45,000	45,000		
IRA FBO Robert E. Witt Pershing LLC as Custodian Rollover Account ¹⁵⁶	60,000	60,000		
IRA FBO Robert Larry Kinney/Pershing LLC as Custodian Rollover Account ¹⁵⁷	75,000	75,000		
IRA FBO Scott M. Marshall Pershing LLC as Custodian ¹⁵⁸	144,000	144,000		
IRA FBO: Michael W. Mitchell/Pershing LLC as Custodian Rollover Account ¹⁵⁹	75,000	75,000		
Iroquois Master Fund Ltd. ¹⁶⁰	249,999	249,999		
Jackie S. Moore ¹⁶¹	37,500	37,500		
James B. Terrell Trust UAD 09/12/90 ¹⁶²	75,000	75,000		
James Garson ¹⁶³	50,001	50,001		
James McNeill ¹⁶⁴	499,950	499,950		
James R. Timmins and Alice M. Timmins ¹⁶⁵	124,998	124,998		
James W. Christie ¹⁶⁶	24,999	24,999		
James W. Christmas ¹⁶⁷	150,000	150,000		
Jan Bartholomew ¹⁶⁸	24,999	24,999		
Jan Rask ¹⁶⁹	500,000	500,000		
Janet E. Sikes ¹⁷⁰	15,000	15,000		
Jay Moorin ¹⁷¹	1,000,001	1,000,001		
	37,500	37,500		

Edgar Filing: GRAN TIERRA ENERGY, INC. - Form S-1/A

Jeff G. Mallett & Company Inc. PSP/FBO				
Jeff G. Mallett ¹⁷²				
Jeff G. Mallett & Company PSP/FBO				
Denise M. Anderson ¹⁷³	7,500	7,500		
Jeffrey J. Orchen ¹⁷⁴	150,000	150,000		
Jeffrey J. Orchen P/S Plan DTD 1/1/95 ¹⁷⁵	89,000	89,000		
Jeffrey J. Scott ¹⁷⁶	2,513,861	150,000	2,363,861	2.0%
Jeffrey Schnipper ¹⁷⁷	60,000	60,000		
Jens Hansen ¹⁷⁸	30,000	30,000		
Jim Taylor ¹⁷⁹	30,000	30,000		
Joe M. Bailey ¹⁸⁰	75,000	75,000		
Joel Stuart ¹⁸¹	24,999	24,999		
John and Jodi Malanga ¹⁸²	63,000	25,500	37,500	*
John H. Gray ¹⁸³	45,000	45,000		
	73			

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
John I. Mundy Separate Property ¹⁸⁴	45,000	45,000		
Mundy 2000 Gift Trust Dtd 01/01/2000 ¹⁸⁵	45,000	45,000		
John L. Nau III and Barbara Nau ¹⁸⁶	202,500	202,500		
John M. O. Quinn ¹⁸⁷	225,000	225,000		
John N. Spiliotis ¹⁸⁸	24,999	24,999		
John V. Hazleton Jr. & Bonnie C. Hazleton ¹⁸⁹	19,500	19,500		
John W. Johnson ¹⁹⁰	45,000	45,000		
John W. Lodge III ¹⁹¹	50,000	50,000		
Jonathan Day ¹⁹²	30,000	30,000		
Jorge Cangini ¹⁹³	60,000	60,000		
Joseph A. Ahearn ¹⁹⁴	50,001	50,001		
Joseph A. Cech ¹⁹⁵	40,050	40,050		
Joseph B. Swinbank ¹⁹⁶	45,000	45,000		
Joseph H. Flom ¹⁹⁷	75,000	75,000		
Judith Ann Bates ¹⁹⁸	30,000	30,000		
Judith Ricciardi ¹⁹⁹	45,000	45,000		
Julius Johnston IV ²⁰⁰	30,000	30,000		
Katherine U. Sanders 1990 ²⁰¹	150,000	150,000		
Katherine U. Sanders Children Trust Dtd. 2003 ²⁰²	375,000	375,000		
Ken Wong ²⁰³	41,125	25,500	15,625	*
Kenneth Kaplan ²⁰⁴	50,000	50,000		
Kevin Donald Poynter ²⁰⁵	300,000	300,000		
Kiyoshi Fujieda ²⁰⁶	30,000	30,000		
Kyung Chun Min ²⁰⁷	32,700	25,200	7,500	*
L G Vela ²⁰⁸	25,001	25,001		
Lakeview Fund, LP ²⁰⁹	799,998	799,998		
Lance DG Uggla ²¹⁰	599,990	599,990		
Larry F. Crews ²¹¹	25,449	25,449		
Larry Martin ²¹²	75,000	75,000		
Larry Zalk ²¹³	50,000	50,000		
Laura Connally ²¹⁴	24,999	24,999		
Laura K. Sanders ²¹⁵	75,000	75,000		
Lawrence Johnson West ²¹⁶	24,999	24,999		
Lee Corbin ²¹⁷	25,500	25,500		
Leigh Ellis and Mimi G. Ellis ²¹⁸	30,000	30,000		
Lenny Olim ²¹⁹	30,000	30,000		

Edgar Filing: GRAN TIERRA ENERGY, INC. - Form S-1/A

Leo Wong ²²⁰	75,000	75,000		
SEP IRA Leticia Turullos ²²¹	24,999	24,999		
Liaqat A Khan ²²²	25,500	25,500		
Lisa Dawn Weir ²²³	60,000	60,000		
Lloyd Clark ²²⁴	25,200	25,200		
Lorain S. Davis Trust U/A DTD 11/10/1986 ²²⁵	24,999	24,999		
Louis and Carol Zehil ²²⁶	99,999	99,999		
Louis Gleckel, MD ²²⁷	30,000	30,000		
LSM Business Services Ltd. ²²⁸	76,875	30,000	46,875	*
Luc Chartrand ²²⁹	271,230	112,500	158,730	*
Luke J. Drury Non-Exempt Trust ²³⁰	75,000	75,000		
M. St. John Dinsmore ²³¹	60,000	60,000		
Mac Haik ²³²	300,000	300,000		
The Powell Family Trust U/A DTD 5/7/04 ²³³	30,000	30,000		
Margaret G. Reed ²³⁴	25,500	25,500		
Maria Checa ²³⁵	59,999	59,999		
Mark & Monica Tompson ²³⁶	45,000	45,000		
	74			

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
Mark J. Drury Non-Exempt Trust ²³⁷	75,000	75,000		
Mark Leszczynski ²³⁸	50,001	50,001		
Mark N. Davis ²³⁹	25,001	25,001		
Markus Ventures, L.P. ²⁴⁰	300,000	300,000		
Mary E. Shields ²⁴¹	24,999	24,999		
Mary Harris Cooper ²⁴²	24,999	24,999		
Matthew D. Myers ²⁴³	25,500	25,500		
Matthew J. Drury Non-Exempt Trust ²⁴⁴	75,000	75,000		
Max M. Dillard ²⁴⁵	150,000	150,000		
Max Wei ²⁴⁶	1,729,667	39,984	1,689,683	1.4%
Mazzei Holding LLC ²⁴⁷	50,000	50,000		
McCarron Family Partners Ltd. ²⁴⁸	24,999	24,999		
Melton Pipes IRA Pershing LLC as Custodian ²⁴⁹	30,000	30,000		
Melvin Howard ²⁵⁰	45,000	45,000		
Merrick C. Marshall ²⁵¹	30,000	30,000		
Michael Glita & Joan Glita ²⁵²	150,000	150,000		
Michael J. Gaido, Jr. Special Account ²⁵³	99,999	99,999		
Michael J. Hampton ²⁵⁴	75,000	75,000		
Michael L Thiele Elaine D Thiele ²⁵⁵	200,000	200,000		
Michael McNulty ²⁵⁶	24,999	24,999		
Michael Paraskake ²⁵⁷	63,000	25,500	37,500	*
Michael S. Chadwick ²⁵⁸	25,499	25,499		
Middlemarch Partners LTD ²⁵⁹	100,001	100,001		
Mike Hudson ²⁶⁰	30,000	30,000		
Millennium Global High Yield Fund Limited ²⁶¹	4,002,000	4,002,000		
Millennium Global Natural Resources Fund Limited ²⁶²	1,000,500	1,000,500		
Morton A. Cohn ²⁶³	225,000	225,000		
Morton J. Weisberg ²⁶⁴	39,999	39,999		
MP Pensjon ²⁶⁵	1,049,970	1,049,970		
Nadine C. Smith and John D. Long, Jr ²⁶⁶	2,065,761	150,000	1,915,761	1.6%
Nancy J. Harmon ²⁶⁷	45,000	45,000		
Nathan Hagens ²⁶⁸	60,000	60,000		
Neon Rainbow Holdings Ltd. ²⁶⁹	25,500	25,500		
Nite Capital LP ²⁷⁰	1,300,001	1,300,001		
Norman Goldberg ²⁷¹	99,999	99,999		

Edgar Filing: GRAN TIERRA ENERGY, INC. - Form S-1/A

Northcity Investments Corp. ²⁷²	25,500	25,500		
P & J Fingerhut Family Trust ²⁷³	45,000	45,000		
Paul Evans ²⁷⁴	24,999	24,999		
Paul Lukowitsch ²⁷⁵	25,001	25,001		
Paul Mitcham ²⁷⁶	60,000	60,000		
Paul Osher and Sara Osher ²⁷⁷	50,000	50,000		
Paul Tate and Lara M. Tate ²⁷⁸	45,000	45,000		
Paula L. Santoski Special Property ²⁷⁹	50,000	50,000		
Pauline H. Gorman Trust UTD 3/10/93 UAD 03/10/93 ²⁸⁰	24,999	24,999		
Penn Capital Management Capital Structure Opportunities Fund, LP ²⁸¹	99,999	99,999		
Perfco Investments Ltd. ²⁸²	2,972,619	300,000	2,672,619	2.2%
PGS Holdings Ltd. ²⁸³	37,500	37,500		
Philip M. Garner & Carol P. Garner ²⁸⁴	300,000	300,000		
Pierce Diversified Strategy Master Fund LLC, Ena ²⁸⁵	150,000	150,000		

75

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
Platinum Business Investment Company, Ltd. ²⁸⁶	300,000	300,000		
Professional Billing Ltd. ²⁸⁷	200,000	200,000		
QRS Holdings Ltd. ²⁸⁸	45,000	45,000		
RAB American Opportunities Fund Limited ²⁸⁹	350,001	350,001		
Rafael Orunesu ²⁹⁰	1,809,683	120,000	1,689,683	1.4%
Rahn and Bodmer ²⁹¹	99,999	99,999		
Richard D. Kinder ²⁹²	250,001	250,001		
Richard Hochman ²⁹³	22,500	22,500		
Richard Machin ²⁹⁴	63,750	26,250	37,500	*
RJS Jr./PLS 1992 Trust FBO Robert J. Santoski Jr. ²⁹⁵	24,999	24,999		
Rob Krahn ²⁹⁶	52,500	52,500		
Robert Card ²⁹⁷	15,000	15,000		
Robert D. Steele ²⁹⁸	549,960	120,000	429,960	*
Robert Freedman ²⁹⁹	150,000	150,000		
Robert K. Macleod ³⁰⁰	69,999	24,999	45,000	*
Robert Sayre Lindsey Sayre ³⁰¹	24,999	24,999		
Robert W. Y. Kung ³⁰²	25,500	25,500		
Robert Wilensky ³⁰³	30,000	30,000		
Robert Zappia ³⁰⁴	60,000	60,000		
Roberta Kintigh ³⁰⁵	25,500	25,500		
Robin G. Forrester ³⁰⁶	24,999	24,999		
Rock Associates ³⁰⁷	24,999	24,999		
Ron Davi ³⁰⁸	200,000	200,000		
Rose Anna Marshall ³⁰⁹	105,000	105,000		
Rosen Family Trust ³¹⁰	75,000	75,000		
Rowena M. Santos ³¹¹	41,125	25,500	15,625	*
Roy Alan Price ³¹²	52,500	52,500		
Rubin Children Trust ³¹³	300,000	300,000		
Rune Medhus Elisa Medhus M.D. ³¹⁴	105,000	105,000		
Russell Hardin, Jr. ³¹⁵	75,000	75,000		
Samuel A. Jones ³¹⁶	37,500	37,500		
Sanders Opportunity Fund (Institutional) LP ³¹⁷	1,520,904	799,575	721,329	*
Sanders Opportunity Fund LP ³¹⁸	475,971	250,425	225,546	*
Sandy Valley Two LLC ³¹⁹	45,000	45,000		

Edgar Filing: GRAN TIERRA ENERGY, INC. - Form S-1/A

Sanovest Holdings Ltd. ³²⁰	577,500	375,000	202,500	*
Scott Andrews ³²¹	150,000	150,000		
Second City Capital Partners I, Limited Partnership ³²²	1,050,000	1,050,000		
SEP FBO David M. Underwood Pershing LLC as Custodian ³²³	15,000	15,000		
SEP FBO Dwight W. Fate Pershing LLC as Custodian ³²⁴	25,001	25,001		
SEP FBO Kenneth L. Hamilton / Pershing LLC as Custodian ³²⁵	7,500	7,500		
SEP FBO Peter G. Sarles Pershing LLC as Custodian ³²⁶	30,000	30,000		
SEP FBO Philip M. Garner Pershing LLC as Custodian ³²⁷	40,700	40,700		
	76			

Table of Contents

	Shares of Common Stock Owned Before the Offering	Shares of Common Stock Being Offered	Shares of Common Stock Owned Upon Completion of the Offering (a)	Percentage of Common Stock Outstanding Upon Completion of Offering
SEP FBO Rick Pease/ Pershing LLC as Custodian ³²⁸	15,000	15,000		
SEP FBO Robert Slanovits Pershing LLC as Custodian ³²⁹	15,000	15,000		
SEP FBO Susan S Lehrer Pershing LLC as Custodian ³³⁰	24,999	24,999		
SEP FBO Thomas Giarraputo Pershing LLC as Custodian ³³¹	84,000	84,000		
SEP FBO William E Grose MD Pershing LLC as Custodian ³³²	24,999	24,999		
Shadow Creek Capital Partners LP ³³³	300,000	300,000		
Sharetron Limited Partnership ³³⁴	60,000	60,000		
Shawn Perger ³³⁵	25,500	25,500		
Shawn T. Kemp ³³⁶	60,000	60,000		
SLS/PLS 1988 Tr FBO Samantha Leigh Santoski ³³⁷	24,999	24,999		
Small Ventures USA L.P. ³³⁸	99,999	99,999		
Sonya Messner ³³⁹	33,000	33,000		
Stanley Cohen ³⁴⁰	30,000	30,000		
Stanley Katz ³⁴¹	150,000	150,000		
Stephen Falk, M.D. and Sheila Falk ³⁴²	30,000	30,000		
Stephen S. Oswald ³⁴³	75,000	75,000		
Steve Harter ³⁴⁴	45,000	45,000		
Steve Horth ³⁴⁵	19,500	19,500		
Steve Scott ³⁴⁶	99,999	99,999		
Steven Hall/Rebecca Hall ³⁴⁷	51,000	51,000		
Steven R. Elliott ³⁴⁸	50,001	50,001		
Sue M. Harris Separate Property ³⁴⁹	75,000	75,000		
Pinky Lou Blair Estate Trust U/W DTD 6/15/91 ³⁵⁰	50,000	50,000		
L Lehrer TR U/W FBO Benjamin Lehrer DTD 02/22/93 ³⁵¹	24,999	24,999		
L Lehrer TR U/W FBO Michael Lehrer DTD 02/22/93 ³⁵²	24,999	24,999		
Susan S. Lehrer ³⁵³	24,999	24,999		
Susan Sanders Separate Property ³⁵⁴	37,500	37,500		
	37,500	37,500		

Buchanan Advisors Inc. Defined Benefit Plan		
UA Dtd. 01/01/2002 ³⁵⁵		
T. Scott O Keefe ³⁵⁶	112,500	112,500
Tanglewood Family Limited Partnership ³⁵⁷	60,000	60,000
Tanya J. Drury ³⁵⁸	120,000	120,000
The Knuettel Family Trust ³⁵⁹	25,002	25,002
The Leland Hirsch Family Partnership LP ³⁶⁰	50,000	50,000
The Sarles Family Trust UAD 9/7/00 ³⁶¹	60,000	60,000
Theseus Fund LP ³⁶²	750,000	750,000
Thomas Asarch & Barbara Asarch ³⁶³	50,000	50,000
E. P. Brady Inc. Profit Sharing Plan & Trust ³⁶⁴	37,500	37,500
Thomas W. Custer ³⁶⁵	37,500	37,500
Titus Harris Jr. ³⁶⁶	124,998	124,998
Tolar N. Hamblen III ³⁶⁷	30,000	30,000
Tom Juda & Nancy Juda Living Tr DTD 5/3/95 ³⁶⁸	249,999	249,999

Table of Contents