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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED June 30, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission file number 001-34018

GRAN TIERRA ENERGY INC.

(Exact name of registrant as specified in its charter)

Nevada	**98-0479924**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
300, 625 11th Avenue S.W. Calgary, Alberta, Canada	T2R 0E1
(Address of principal executive offices)	(Zip code)

(403) 265-3221
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐	(do not check if a smaller reporting company) Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

On August 3, 2011, the following numbers of shares of the registrant's capital stock were outstanding: 261,011,061 shares of the registrant's Common Stock, $0.001 par value; one share of Special A Voting Stock, $0.001 par value, representing 7,811,112 shares of Gran Tierra Goldstrike Inc., which are exchangeable on a 1-for-1 basis into the registrant's Common Stock; and one share of Special B Voting Stock, $0.001 par value, representing 8,881,718 shares of Gran Tierra Exchangeco Inc., which are exchangeable on a 1-for-1 basis into the registrant's Common Stock.

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Operations and Retained Earnings (Unaudited)
(Thousands of U.S. Dollars, Except Share and Per Share Amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
REVENUE AND OTHER INCOME				
Oil and natural gas sales	$ 161,664	$ 83,717	$ 283,960	$ 176,649
Interest	456	397	679	575
	162,120	84,114	284,639	177,224
EXPENSES				
Operating	23,160	9,529	39,556	19,714
Depletion, depreciation, accretion, and impairment (Note 5)	46,965	31,641	110,322	71,984
General and administrative	16,410	9,594	30,048	16,784
Equity tax (Note 8)	221	-	8,271	-
Financial instruments gain (Note 6)	(1,292)	-	(1,522)	(44)
Loss (gain) on acquisition (Note 3)	2,601	-	(21,699)	-
Foreign exchange loss	14,495	3,126	19,694	17,420
	102,560	53,890	184,670	125,858
INCOME BEFORE INCOME TAXES	59,560	30,224	99,969	51,366
Income tax expense (Note 8)	(27,993)	(12,853)	(54,689)	(24,035)
NET INCOME AND COMPREHENSIVE INCOME	31,567	17,371	45,280	27,331
RETAINED EARNINGS, BEGINNING OF PERIOD	71,810	30,885	58,097	20,925
RETAINED EARNINGS, END OF PERIOD	$ 103,377	$ 48,256	$ 103,377	$ 48,256
NET INCOME PER SHARE — BASIC	$ 0.11	$ 0.07	$ 0.17	$ 0.11
NET INCOME PER SHARE — DILUTED	$ 0.11	$ 0.07	$ 0.16	$ 0.10
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC (Note 6)	*277,297,728*	*254,344,474*	*269,159,453*	*251,234,950*
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED (Note 6)	*284,451,536*	*263,853,024*	*277,530,126*	*260,922,669*

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(Thousands of U.S. Dollars, Except Share and Per Share Amounts)

	June 30, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ **211,355**	$ 355,428
Restricted cash (Note 12)	**11,465**	250
Accounts receivable	**156,350**	43,035
Inventory (Note 2)	**7,109**	5,669
Taxes receivable	**20,274**	6,974
Prepaids	**2,486**	1,940
Deferred tax assets (Note 8)	**2,643**	4,852
Total Current Assets	**411,682**	418,148
Oil and Gas Properties (using the full cost method of accounting)		
Proved	**567,422**	442,404
Unproved	**434,254**	278,753
Total Oil and Gas Properties	**1,001,676**	721,157
Other capital assets	**7,379**	5,867
Total Property, Plant and Equipment (Note 5)	**1,009,055**	727,024
Other Long Term Assets		
Restricted cash (Note 12)	**1,359**	1,190
Deferred tax assets (Note 8)	**12,082**	-
Other long term assets	**297**	311
Goodwill	**102,581**	102,581
Total Other Long Term Assets	**116,319**	104,082
Total Assets	$ **1,537,056**	$ 1,249,254
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable (Note 9)	$ **49,727**	$ 76,023
Accrued liabilities (Note 9)	**74,300**	32,120
Bank debt (Notes 12 and 14)	**31,250**	-
Taxes payable	**40,723**	43,832
Asset retirement obligations (Note 7)	**322**	338
Total Current Liabilities	**196,322**	152,313
Long Term Liabilities		
Deferred tax liabilities (Note 8)	**231,558**	204,570
Equity tax payable (Note 8)	**10,293**	-
Asset retirement obligations (Note 7)	**10,468**	4,469
Other long term liabilities	**5,811**	1,036
Total Long Term Liabilities	**258,130**	210,075
Commitments and Contingencies (Note 10)		
Subsequent Event (Note 14)		
Shareholders' Equity		
Common shares (Note 6)	**5,846**	4,797
(260,977,461 and 240,440,830 common shares and 16,726,430 and 17,681,123 exchangeable shares, par value $0.001 per share, issued and outstanding as at June 30, 2011 and December 31, 2010, respectively)		
Additional paid in capital	**971,601**	821,781
Warrants (Note 6)	**1,780**	2,191

Retained earnings	**103,377**	58,097
Total Shareholders' Equity	**1,082,604**	886,866
Total Liabilities and Shareholders' Equity	**$ 1,537,056**	$ 1,249,254

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Thousands of U.S. Dollars)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating Activities		
Net income	$ **45,280**	$ 27,331
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depletion, depreciation, accretion, and impairment	**110,322**	71,984
Deferred taxes (Note 8)	**(5,406)**	(18,031)
Stock-based compensation (Note 6)	**5,945**	3,360
Unrealized gain on financial instruments (Note 11)	**(1,354)**	(44)
Unrealized foreign exchange loss	**16,102**	13,997
Settlement of asset retirement obligations (Note 7)	**(309)**	-
Equity taxes	**6,251**	-
Gain on acquisition (Note 3)	**(21,699)**	-
Net changes in non-cash working capital		
Accounts receivable	**(100,955)**	(35,435)
Inventory	**(213)**	(487)
Prepaids	**(211)**	(377)
Accounts payable and accrued liabilities	**(2,521)**	(14,216)
Taxes receivable and payable	**(18,120)**	4,887
Net cash provided by operating activities	**33,112**	52,969
Investing Activities		
Restricted cash	**(8,139)**	661
Additions to property, plant and equipment	**(179,155)**	(50,914)
Proceeds from disposition of oil and gas property	**-**	1,200
Cash acquired on acquisition (Note 3)	**7,747**	-
Proceeds on sale of asset backed commercial paper (Note 3)	**22,679**	-
Long term assets and liabilities	**13**	20
Net cash used in investing activities	**(156,855)**	(49,033)
Financing Activities		
Settlement of bank debt (Notes 3)	**(22,853)**	-
Proceeds from issuance of common shares	**2,523**	18,504
Net cash (used in) provided by financing activities	**(20,330)**	18,504
Net increase (decrease) in cash and cash equivalents	**(144,073)**	22,440
Cash and cash equivalents, beginning of period	**355,428**	270,786
Cash and cash equivalents, end of period	$ **211,355**	$ 293,226
Cash	$ **135,142**	$ 194,465
Term deposits	**76,213**	98,761
Cash and cash equivalents, end of period	$ **211,355**	$ 293,226
Supplemental cash flow disclosures:		
Cash paid for interest	$ **1,344**	$ -
Cash paid for income taxes	$ **64,205**	$ 32,512
Non-cash investing activities:		
Non-cash working capital related to property, plant and equipment	$ **39,118**	$ 21,220

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(Thousands of U.S. Dollars)

	Six Months Ended June 30, 2011	Year Ended December 31, 2010
Share Capital		
Balance, beginning of period	$ 4,797	$ 1,431
Issue of common shares	1,049	3,366
Balance, end of period	5,846	4,797
Additional Paid in Capital		
Balance, beginning of period	821,781	766,963
Issue of common shares	142,233	19,119
Exercise of warrants (Note 6)	411	24,916
Exercise of stock options (Note 6)	928	2,300
Stock-based compensation expense (Note 6)	6,248	8,483
Balance, end of period	971,601	821,781
Warrants		
Balance, beginning of period	2,191	27,107
Exercise of warrants (Note 6)	(411)	(24,916)
Balance, end of period	1,780	2,191
Retained Earnings		
Balance, beginning of period	58,097	20,925
Net income	45,280	37,172
Balance, end of period	103,377	58,097
Total Shareholders' Equity	$ 1,082,604	$ 886,866

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Description of Business

Gran Tierra Energy Inc., a Nevada corporation (the “Company” or “Gran Tierra”), is a publicly traded oil and gas company engaged in acquisition, exploration, development and production of oil and natural gas properties. The Company’s principal business activities are in Colombia, Argentina, Peru and Brazil.

2. Significant Accounting Policies

These interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim consolidated financial statements, and revenues and expenses during the reporting period. In the opinion of the Company’s management, all adjustments (all of which are normal and recurring) that have been made are necessary to fairly state the consolidated financial position of the Company as at June 30, 2011, the results of its operations for the three and six month periods ended June 30, 2011 and 2010, and its cash flows for the six month periods ended June 30, 2011 and 2010.

The note disclosure requirements of annual consolidated financial statements provide additional disclosures to that required for interim condensed consolidated financial statements. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2010 included in the Company’s 2010 Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 25, 2011. The Company’s significant accounting policies are described in Note 2 of the consolidated financial statements which are included in the Company’s 2010 Annual Report on Form 10-K and are the same policies followed in these unaudited interim consolidated financial statements, except as disclosed below. The Company has evaluated all subsequent events through to the date these condensed consolidated financial statements were issued.

Warrants

The Company issued warrants (“Replacement Warrants”) in connection with its acquisition of Petrolifera Petroleum Limited (“Petrolifera”) during March 2011 (Note 3). These warrants are derivative financial instruments and are recorded at fair value in the consolidated balance sheet as a current liability and as part of the consideration paid for the acquisition. Any changes in the fair value of these derivative instruments are recorded in net income when those changes occur. The Company determines the fair value of warrants using the Black-Scholes option pricing model. The Company does not use derivative financial instruments for speculative purposes.

Inventory

Crude oil inventories at June 30, 2011 and December 31, 2010 are $5.0 million and $3.6 million, respectively. Supplies at June 30, 2011 and December 31, 2010 are each $2.1 million.

New Accounting Pronouncements

Stock Compensation
In April 2010, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”), "Compensation–Stock Compensation (Topic 718)." The update clarifies that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity’s equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. The implementation of this update did not materially impact the Company’s consolidated financial position, operating results or cash flows.

Business Combinations
In December 2010, the FASB issued ASU, "Business Combinations (Topic 850), Disclosures of Supplementary Pro Forma Information for Business Combinations." The update is intended to conform reporting of pro forma revenue and earnings for material business combinations included in the notes to the financial statements and expand disclosure of non-recurring adjustments that are directly attributable to the business combination. The pro forma revenue and earnings of the combined entity are presented as if the acquisition had occurred as of the beginning of the annual reporting period. If comparatives are presented, the pro forma disclosures for both periods presented should be reported as if the acquisition had occurred as of the beginning of the comparable prior annual reporting period only. This ASU is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The implementation of this update did not materially impact the Company’s disclosures.

3. Business Combination

On March 18, 2011 (the "Acquisition Date"), Gran Tierra completed its acquisition of all the issued and outstanding common shares and warrants of Petrolifera, a Canadian corporation, pursuant to the terms and conditions of an arrangement agreement dated January 17, 2011 (the "Arrangement"). Petrolifera is a Calgary-based crude oil, natural gas and natural gas liquids exploration, development and production company active in Argentina, Colombia and Peru. The transaction contemplated by the Arrangement was effected through a court-approved plan of arrangement in Canada. The Arrangement was approved at a special meeting of Petrolifera shareholders on March 17, 2011 and by the Court of Queen's Bench of Alberta on March 18, 2011.

Under the Arrangement, Petrolifera shareholders received, for each Petrolifera share held, 0.1241 of a share of Gran Tierra common stock, and Petrolifera warrant holders received, for each Petrolifera warrant held, 0.1241 of a Replacement Warrant to purchase a share of Gran Tierra common stock at an exercise price of $9.67 Canadian ("CDN") dollars per share. Gran Tierra Replacement Warrants are only net exercisable, and expire on August 28, 2011.

Gran Tierra acquired all the issued and outstanding Petrolifera shares and warrants through the issuance of 18,075,247 Gran Tierra common shares, par value $0.001, and 4,125,036 Replacement Warrants. Upon completion of the transaction on the Acquisition Date, Petrolifera became an indirect wholly owned subsidiary of Gran Tierra. On a diluted basis, upon the closing of the Arrangement, Petrolifera and Gran Tierra security holders owned approximately 6.6% and 93.4% of the Company, respectively, immediately following the transaction. The total consideration for the transaction was approximately $143 million.

The fair value of Gran Tierra's common shares was determined as the closing price of the common shares of Gran Tierra as at the Acquisition Date. The fair value of the Replacement Warrants was estimated on the Acquisition Date using the Black-Scholes option pricing model with the following assumptions:

Exercise price (CDN dollars per warrant)	$	9.67
Risk-free interest rate		1.3%
Expected life		0.45 Years
Volatility		44%
Expected annual dividend per share		Nil
Estimated fair value per warrant (CDN dollars)	$	0.32

Gran Tierra's Replacement Warrants issued as a result of the acquisition meet the definition of a derivative. Because the exercise price of the Replacement Warrants is denominated in Canadian dollars, which is different from Gran Tierra's functional currency, the Replacement Warrants are not considered indexed to Gran Tierra's common shares and the Replacement Warrants cannot be classified within equity. Therefore the Replacement Warrants, which expire in August 2011, are classified as a current liability on Gran Tierra's condensed consolidated balance sheet.

The acquisition is accounted for using the acquisition method, with Gran Tierra being the acquirer, whereby Petrolifera's assets acquired and liabilities assumed are recorded at their fair values as at the Acquisition Date and the results of Petrolifera have been consolidated with those of Gran Tierra from that date.

The following table shows the allocation of the consideration transferred based on the fair values of the assets and liabilities acquired:

(Thousands of U.S. Dollars)		
Consideration Transferred:		
Common shares issued net of share issue costs	$	141,690
Replacement warrants		1,354
	$	143,044
Allocation of Consideration Transferred (1):		
Oil and gas properties		
Proved	$	58,457
Unproved		161,278
Other long term assets		4,417
Net working capital (including cash acquired of $7.7 million and accounts receivable of $6.4 million)		(17,223)
Asset retirement obligations		(4,901)
Bank debt		(22,853)
Other long term liabilities		(14,432)
Gain on acquisition		(21,699)
	$	143,044

(1) The allocation of the consideration transferred is not final and is subject to change.

As shown above in the allocation of the consideration transferred, the fair value of identifiable assets acquired and liabilities assumed exceeded the fair value of the consideration transferred. Consequently, Gran Tierra reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that all acquired assets and assumed liabilities were recognized and that the valuation procedures and resulting measures were appropriate. As a result, Gran Tierra recognized a gain of $21.7 million, which is reported as "Gain on acquisition", in the consolidated statement of operations. The gain reflects the impact on Petrolifera's pre-acquisition market value of a lack of liquidity and capital resources required to maintain current production and reserves and further develop and explore their inventory of prospects. Subsequent to the initial allocation of the consideration reported in the first quarter of 2011, further assessment of Petrolifera's tax position resulted in a reduction of the gain on acquisition to $21.7 million from $24.3 million previously reported. A corresponding adjustment has been made to the net working capital deficiency assumed.

As part of the assets acquired and included in the net working capital in the allocation of the consideration transferred, the Company assigned $22.5 million in fair value to investments in notes that Petrolifera received in exchange for asset backed commercial paper ("ABCP") with a face value of $31.3 million. On March 28, 2011, these notes were sold to an unrelated party for proceeds of $22.7 million after the associated line of credit was settled.

The associated ABCP line of credit that Gran Tierra assumed was with a Canadian Chartered Bank, to a maximum of CDN$23.2 million with an initial expiry in April 2012. Gran Tierra settled this line of credit immediately after the completion of the acquisition of Petrolifera for the face value of CDN$22.5 million in borrowings plus accrued interest.

Also upon the acquisition of Petrolifera, Gran Tierra assumed a second line of credit agreement ("Second ABCP line of credit") with the same Canadian chartered bank to a maximum of CDN$5.0 million, which was fully drawn as at the Acquisition Date. This Second ABCP line of credit, which expired on April 8, 2011, was secured by ineligible master asset vehicles Classes 1 & 2 ("MAV IA 1 & 2") notes with a face value of $6.6 million. Gran Tierra retained the option to settle the Second ABCP line of credit of CDN$5.0 million through delivery to the lender of the MAV IA 1 & 2 notes. Subsequent to the acquisition, Gran Tierra elected to record this second line of credit at fair value and planned at that time to settle the debt through delivery of the MAV IA 1 & 2 notes upon expiry. Accordingly, a value of $nil was recorded for the debt upon its acquisition. Gran Tierra settled such borrowings by delivery of the MAV IA 1 & 2 notes on April 8, 2011.

Gran Tierra also assumed a reserve-backed credit facility upon the Petrolifera acquisition (Note 12). The amount outstanding under this credit facility is included as part of net working capital in the allocation of consideration transferred and is reflected as a current liability in the statement of financial position as at June 30, 2011. This credit facility had an outstanding balance of $31.3 million at June 30, 2011.

The pro forma results for the three months ended June 30, 2011 and the three and six months ended June 30, 2011 and 2010 are shown below, as if the acquisition had occurred on January 1, 2010. Pro forma results are not indicative of actual results or future performance.

	Three Months Ended June 30,	Six Months Ended June 30,	
(Unaudited) (Thousands of U.S. Dollars except per share amounts)	**2010**	**2011**	**2010**
Oil and natural gas sales and interest	$ 98,130	**$ 293,834**	$ 206,012
Net income	$ 19,719	**$ 12,457**	$ 31,540
Net income per share - basic	$ 0.07	**$ 0.05**	$ 0.12
Net income per share - diluted	$ 0.07	**$ 0.04**	$ 0.10

The supplemental pro forma earnings of Gran Tierra for the three and six months ended June 30, 2011 were adjusted to exclude $4.4 million of acquisition costs recorded in general and administrative expense and the $21.7 million gain on acquisition recognized in the 2011 results of Gran Tierra because they are not expected to have a continuing impact on Gran Tierra's results of operations. The consolidated statement of operations for the six months ended June 30, 2011 includes revenues of $10.9 million from Petrolifera for the period subsequent to the Acquisition Date. Net income from Petrolifera for the period since the Acquisition Date was not material.

4. Segment and Geographic Reporting

The Company's reportable operating segments are Colombia, Argentina, Peru and Corporate, based on a geographic organization. The Company is primarily engaged in the exploration and production of oil and natural gas. In the three and six months ended June 30, 2011, Peru became a reportable geographic segment due to the significance of its loss before income taxes as compared to the consolidated results of operations. Prior year comparative geographic segment presentation has been conformed to this presentation with the Peru related results and asset information disaggregated from the Corporate segment. Brazil is included as part of the Corporate segment and is not a reportable segment because the level of activity is not significant at this time. The accounting policies of the reportable geographic segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on income or loss from oil and natural gas operations before income taxes.

The following tables present information on the Company's reportable geographic segments:

	Three Months Ended June 30, 2011				
(Thousands of U.S. Dollars except per unit of production amounts)	**Colombia**	**Argentina**	**Peru**	**Corporate**	**Total**
Revenues	**$ 148,473**	**$ 12,857**	**$ -**	**$ 334**	**$ 161,664**
Interest income	**158**	**28**	**134**	**136**	**456**
Depreciation, depletion, accretion and impairment	**39,609**	**5,505**	**1,530**	**321**	**46,965**
Depreciation, depletion, accretion and impairment - per unit of production	**28.49**	**21.45**	**-**	**-**	**28.45**
Segment income (loss) before income taxes	**73,729**	**(3,099)**	**(2,371)**	**(8,699)**	**59,560**
Segment capital expenditures	**$ 54,216**	**$ 7,138**	**$ 11,287**	**$ 28,848**	**$ 101,489**

	Three Months Ended June 30, 2010				
(Thousands of U.S. Dollars except per unit of production amounts)	**Colombia**	**Argentina**	**Peru**	**Corporate**	**Total**
Revenues	$ 80,603	$ 3,114	$ -	$ -	$ 83,717
Interest income	142	3	-	252	397
Depreciation, depletion, and accretion	30,321	1,224	3	93	31,641
Depreciation, depletion, and accretion - per unit of production	26.33	18.71	-	-	26.00
Segment income (loss) before income taxes	37,089	(1,109)	(242)	(5,514)	30,224
Segment capital expenditures	$ 28,894	$ 3,814	$ 1,609	$ 539	$ 34,856

(Thousands of U.S. Dollars except per unit of production amounts)	Six Months Ended June 30, 2011 Colombia	Argentina	Peru	Corporate	Total
Revenues	$ 265,777	$ 17,849	$ -	$ 334	$ 283,960
Interest income	245	28	134	272	679
Depreciation, depletion, accretion, and impairment	69,645	6,652	33,463	562	110,322
Depreciation, depletion, accretion, and impairment - per unit of production	26.75	18.85	-	-	37.27
Segment income (loss) before income taxes	131,615	(3,529)	(34,996)	6,879	99,969
Segment capital expenditures (1)	$ 96,480	$ 18,760	$ 25,574	$ 29,778	$ 170,592

(Thousands of U.S. Dollars except per unit of production amounts)	Six Months Ended June 30, 2010 Colombia	Argentina	Peru	Corporate	Total
Revenues	$ 170,036	$ 6,613	$ -	$ -	$ 176,649
Interest income	219	19	-	337	575
Depreciation, depletion, accretion, and impairment	65,327	6,491	11	155	71,984
Depreciation, depletion, accretion, and impairment - per unit of production	26.98	45.86	-	-	28.09
Segment income (loss) before income taxes	65,849	(5,753)	(491)	(8,239)	51,366
Segment capital expenditures	$ 46,447	$ 4,474	$ 2,136	$ 1,303	$ 54,360

(Thousands of U.S. Dollars)	As at June 30, 2011 Colombia	Argentina	Peru	Corporate	Total
Property, plant and equipment	$ 781,474	$ 150,258	$ 32,559	$ 44,764	$ 1,009,055
Goodwill	102,581	-	-	-	102,581
Other assets	235,148	39,586	8,498	142,188	425,420
Total Assets	$ 1,119,203	$ 189,844	$ 41,057	$ 186,952	$ 1,537,056

(Thousands of U.S. Dollars)	As at December 31, 2010 Colombia	Argentina	Peru	Corporate	Total
Property, plant and equipment	$ 654,416	$ 29,031	$ 28,578	$ 14,999	$ 727,024
Goodwill	102,581	-	-	-	102,581
Other assets	155,798	15,220	18,575	230,056	419,649
Total Assets	$ 912,795	$ 44,251	$ 47,153	$ 245,055	$ 1,249,254

The Company's revenues are derived principally from uncollateralized sales to customers in the oil and natural gas industry. The concentration of credit risk in a single industry affects the Company's overall exposure to credit risk because customers may be similarly affected by changes in economic and other conditions. In 2011, the Company has one significant customer for its Colombian crude oil, Ecopetrol S.A. ("Ecopetrol"). Sales to Ecopetrol accounted for 88% and 96% of the Company's revenues in the second quarters of 2011 and 2010, respectively. Sales to Ecopetrol accounted for 89% and 96% of the Company's revenues for the six month periods ended June 30, 2011 and 2010, respectively. In Argentina, the Company has two significant customers, Refineria del Norte S.A ("Refiner") and Shell C.A.P.S.A. ("Shell"). Sales to Refiner accounted for 2% and 4% of the Company's revenues for the three month periods ended June 30, 2011 and 2010, respectively and 3% and 4% of the Company's revenues for the six month periods ended June 30, 2011 and 2010, respectively. Sales to Shell accounted for 7% and 4% of the Company's revenues for the three and six month periods ended June 30, 2011, respectively.

5. Property, Plant and Equipment

(Thousands of U.S. Dollars)	As at June 30, 2011 Cost	Accumulated DD&A	Net book value	As at December 31, 2010 Cost	Accumulated DD&A	Net book value
Oil and Gas Properties						
Proved	**$ 1,012,173**	**$ (444,751)**	**$ 567,422**	$ 777,262	$ (334,858)	$ 442,404
Unproved	**434,254**	**-**	**434,254**	278,753	-	278,753
	1,446,427	**(444,751)**	**1,001,676**	1,056,015	(334,858)	721,157
Furniture and fixtures and leasehold improvements	**5,883**	**(3,185)**	**2,698**	5,233	(2,831)	2,402
Computer equipment	**6,799**	**(2,613)**	**4,186**	5,521	(2,358)	3,163
Automobiles	**1,029**	**(534)**	**495**	779	(477)	302
Total Property, Plant and Equipment	**$ 1,460,138**	**$ (451,083)**	**$ 1,009,055**	$ 1,067,548	$ (340,524)	$ 727,024

On August 26, 2010, the Company entered into an agreement to acquire a 70% participating interest in four blocks in Brazil. With the exception of one block which has a producing well, the remaining blocks are unproved properties. The agreement was effective September 1, 2010, subject to regulatory approvals, and the transaction was completed on June 15, 2011. Purchase consideration of $40.1 million recorded as corporate segment capital expenditures in 2011 and 2010, included cash payments of $22.6 million and an obligation to fund certain exploratory activities, including the drilling of two exploratory wells in the acquired areas. The 70% share of all benefits and costs with respect to the period between the effective date and the completion of the transaction were an adjustment to the consideration paid for the four blocks.

Depreciation, depletion, accretion and impairment ("DD&A") for the six months ended June 30, 2011 includes a ceiling test impairment loss of $33.4 million in Gran Tierra's Peru cost center. This impairment loss was a result of the inclusion of dry well costs and seismic costs associated with the asset base of the Peru cost center for ceiling test determination purposes. For the six months ended June 30, 2010, a $3.7 million ceiling test impairment loss was included in the Company's Argentina cost center. This impairment loss was a result of a redetermination of the income tax effect on the present value of future cash inflows used to determine the Argentina ceiling for that country's ceiling test.

During the six months ended June 30, 2011, the Company capitalized $3.7 million (year ended December 31, 2010 - $4.1 million) of general and administrative expenses related to the Colombian cost center, including $0.2 million (year ended December 31, 2010 - $0.3 million) of stock-based compensation expense, and $1.0 million (year ended December 31, 2010 - $1.2 million) of general and administrative expenses in the Argentina full cost center, including $0.1 million (year ended December 31, 2010 - $0.2 million) of stock-based compensation.

The unproved oil and natural gas properties at June 30, 2011 consist of exploration lands held in Colombia, Argentina, Peru, and Brazil, including additions related to the newly acquired Petrolifera assets. As at June 30, 2011, the Company had $307.2 million (December 31, 2010 - $228.8 million) of unproved assets in Colombia, $58.8 million (December 31, 2010 - $9.4 million) of unproved assets in Argentina, $31.7 million (December 31, 2010 - $28.2 million) of unproved assets in Peru, and $36.6 million (December 31, 2010 - $12.4 million) of unproved assets in Brazil for a total of $434.3 million (December 31, 2010 - $278.8 million). These properties are being held for their exploration value and are not being depleted pending determination of the existence of proved reserves. Gran Tierra will continue to assess the unproved properties over the next several years as proved reserves are established and as exploration dictates whether or not future areas will be developed.

6. Share Capital

The Company's authorized share capital consists of 595,000,002 shares of capital stock, of which 570 million are designated as common stock, par value $0.001 per share, 25 million are designated as preferred stock, par value $0.001 per share and two shares are designated as special voting stock, par value $0.001 per share. As at June 30, 2011, outstanding share capital consists of 260,977,461 common voting shares of the Company, 8,915,318 exchangeable shares of Gran Tierra Exchange Co., automatically exchangeable on November 14, 2013, and 7,811,112 exchangeable shares of Goldstrike Exchange Co., automatically exchangeable on November 10, 2012. The exchangeable shares of Gran Tierra Exchange Co, were issued upon acquisition of Solana Resources Limited ("Solana"). The exchangeable shares of Gran Tierra Goldstrike Inc. were issued upon the business combination between Gran Tierra Energy Inc., an Alberta corporation, and Goldstrike, Inc., which is now the Company. Each exchangeable share is exchangeable into one common voting share of the Company. The holders of common stock are entitled to one vote for each share on all matters submitted to a shareholder vote and are entitled to share in all dividends that the Company's board of directors, in its discretion, declares from legally available funds. The holders of common stock have no pre-emptive rights, no conversion rights, and there are no redemption provisions applicable to the common stock. Holders of exchangeable shares have substantially the same rights as holders of common voting shares.

Warrants

At June 30, 2011, the Company had 6,298,230 warrants outstanding to purchase 3,149,115 common shares for $1.05 per share, expiring between June 20, 2012 and June 30, 2012 and 4,125,036 Replacement Warrants outstanding, issued upon the acquisition of Petrolifera (Note 3), to purchase 4,125,036 common shares for CDN$9.67, expiring August 28, 2011. For the six months ended June 30, 2011, 525,817 common shares were issued upon the exercise of 1,051,634 warrants (six months ended June 30, 2010, 8,352,494 common shares were issued upon the exercise of 9,559,050 warrants). Included in warrants exercised in the six months ended June 30, 2010 were 7,145,938 warrants to purchase 7,145,938 common shares for $14.4 million, assumed on the acquisition of Solana in November 2008.

The fair value of the Replacement Warrants as of June 30, 2011 was determined using the Black-Scholes option pricing model with the following assumptions:

Exercise price (CDN dollars per warrant)	$	9.67
Risk-free interest rate		1.2%
Expected life		0.16 Years
Volatility		42%
Expected annual dividend per share		Nil
Estimated fair value per warrant (CDN dollars)	$	0.003

The consolidated statement of operations for the three months ended June 30, 2011 includes an unrealized gain arising from the change in fair value of the Replacement Warrants of $1.3 million.

Stock Options

As at June 30, 2011, the Company has a 2007 Equity Incentive Plan under which the Company's board of directors is authorized to issue options or other rights to acquire shares of the Company's common stock. The number of shares of common stock available for issuance thereunder is 23,306,100 shares.

The Company grants options to purchase common shares to certain directors, officers, employees and consultants. Each option permits the holder to purchase one common share at the stated exercise price. The options vest over three years and have a term of ten years, or three months after the grantee's end of service to the Company, whichever occurs first. At the time of grant, the exercise price equals the market price. For the six months ended June 30, 2011, 670,881 common shares were issued upon the exercise of 670,881 stock options (six months ended June 30, 2010 – 1,268,993). The following options were outstanding as of June 30, 2011:

	Number of Outstanding Options	Weighted Average Exercise Price $/Option
Balance, December 31, 2010	10,943,058	3.49
Granted in 2011	3,700,996	8.25
Exercised in 2011	(670,881)	(2.95)
Forfeited in 2011	(62,501)	(4.09)
Balance, June 30, 2011	13,910,672	4.78

The weighted average grant date fair value for options granted in the six months ended June 30, 2011 was $5.07 (six months ended June 30, 2010 - $3.33). The intrinsic value of options exercised for the three months ended June 30, 2011 was $3.4 million (three months ended June 30, 2010 - $4.8 million).

The table below summarizes stock options outstanding at June 30, 2011:

Range of Exercise Prices ($/option)	Number of Outstanding Options	Weighted Average Exercise Price $/Option	Weighted Average Expiry Years
0.50 to 2.00	1,369,171	1.14	5.1
2.01 to 3.50	5,072,752	2.46	7.2
3.51 to 5.50	466,666	4.43	8.3
5.51 to 7.00	3,141,087	5.93	8.6
7.01 to 8.40	3,860,996	8.24	7.0
Total	13,910,672	4.78	6.9

The aggregate intrinsic value of options outstanding at June 30, 2011 is $31.7 million (December 31, 2010 - $49.9 million) based on the Company's closing stock price of $6.61 (December 31, 2010 - $8.05) at that date. At June 30, 2011, there was $17.7 million (December 31, 2010 - $6.1 million) of unrecognized compensation cost related to unvested stock options which is expected to be recognized over the next three years. As at June 30, 2011, 5,911,291 (December 31, 2010 – 5,426,367) options were exercisable.

For the six months ended June 30, 2011, the stock-based compensation expense was $6.2 million (six months ended June 30, 2010 - $3.6 million) of which $5.4 million (six months ended June 30, 2010 - $2.9 million) was recorded in general and administrative expenses and $0.5 million was recorded in operating expenses in the consolidated statement of operations (six months ended June 30, 2010 – $0.5 million). For the six months ended June 30, 2011, $0.3 million of stock-based compensation was capitalized as part of exploration and development costs (six months ended June 30, 2010 – $0.2 million).

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model based on assumptions noted in the following table. The Company uses historical data to estimate option exercises, expected term and employee departure behavior used in the Black-Scholes option pricing model. Expected volatilities used in the fair value estimate are based on historical volatility of the Company's stock. The risk-free rate for periods within the contractual term of the stock options is based on the U.S. Treasury yield curve in effect at the time of grant.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Dividend yield (per share)	**$nil**	$nil	**$nil**	$nil
Volatility	**80%**	89%	**81%**	90%
Risk-free interest rate	**1.2%**	0.5%	**1.3%**	0.4%
Expected term	**4 - 6 years**	3 years	**4 - 6 years**	3 years
Estimated forfeiture percentage (per year)	**4%**	10%	**4%**	10%

Weighted average shares outstanding

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Weighted average number of common and exchangeable shares outstanding	**277,297,728**	254,344,474	**269,159,453**	251,234,950
Shares issuable pursuant to warrants	**2,728,361**	5,297,738	**2,789,122**	5,302,755
Shares issuable pursuant to stock options	**5,191,288**	4,210,812	**6,079,268**	4,384,964
Shares to be purchased from proceeds of stock options	**(765,841)**	-	**(497,717)**	-
Weighted average number of diluted common and exchangeable shares outstanding	**284,451,536**	263,853,024	**277,530,126**	260,922,669

Net Income per share

For the three months ended June 30, 2011, 4,125,036 Replacement Warrants and 3,815,996 options to purchase common shares (for the six months ended June 30, 2011 4,125,036 Replacement Warrants and 3,219,996 options to purchase common shares) were excluded from the diluted income per share calculation as the instruments were anti-dilutive. For the three months ended June 30, 2010, options to purchase 3,435,000 common shares (for the six months ended June 30, 2010, options to purchase 3,250,000 common shares) were excluded from the diluted income per share calculation as the instruments were anti−dilutive.

7. Asset Retirement Obligations

As at June 30, 2011 the Company's asset retirement obligations were comprised of Colombian obligations in the amount of $4.7 million (December 31, 2010 - $3.7 million), Argentine obligations in the amount of $5.7 million (December 31, 2010 - $1.1 million) and Brazil obligations in the amount of $0.4 million (December 31, 2010 - $nil). As at June 30, 2011, the undiscounted asset retirement obligations were $32.1 million (December 31, 2010 - $8.7 million). Changes in the carrying amounts of the asset retirement obligations associated with the Company's oil and natural gas properties were as follows:

(Thousands of U.S. Dollars)	Six Months Ended June 30, 2011	Year Ended December 31, 2010
Balance, beginning of period	**$ 4,807**	$ 4,708
Settlements	**(309)**	(286)
Disposal	**-**	(720)
Liability incurred	**1,088**	719
Liability assumed in a business combination (Note 3)	**4,901**	-
Foreign exchange	**23**	58
Accretion	**280**	328
Balance, end of period	**$ 10,790**	$ 4,807
Asset retirement obligation - current	**$ 322**	$ 338
Asset retirement obligation - long term	**10,468**	4,469
Balance, end of period	**$ 10,790**	$ 4,807

8. Taxes

The income tax expense reported differs from the amount computed by applying the U.S. statutory rate to income before income taxes for the following reasons:

(Thousands of U.S. Dollars)	Six Months Ended June 30, 2011	2010
Income before income taxes	**$ 99,969**	$ 51,366
	35%	35%
Income tax expense expected	**34,989**	17,978
Other permanent differences	**(1,634)**	3,960
Foreign currency translation adjustments	**4,956**	5,638
Impact of foreign taxes	**(3,134)**	(1,580)
Enhanced tax depreciation incentive	**-**	(2,921)
Stock based compensation	**1,825**	1,014
Increase in valuation allowance	**24,065**	3,354
Branch and other foreign income pick-up in the United States and Canada	**(2,898)**	(3,408)
Non-deductible third party royalty in Colombia	**4,115**	-
Non-taxable gain on acquisition	**(7,595)**	-
Total income tax expense	**$ 54,689**	$ 24,035
Current income tax	**63,439**	42,066
Deferred tax (recovery)	**(8,750)**	(18,031)
Total income tax expense	**$ 54,689**	$ 24,035

(Thousands of U.S. Dollars)	As at June 30, 2011	As at December 31, 2010
Deferred Tax Assets		
Tax benefit of loss carryforwards	**$ 57,621**	$ 27,527
Tax basis in excess of book basis	**26,854**	7,975
Foreign tax credits and other accruals	**15,426**	16,895
Capital losses	**2,448**	1,413
Deferred tax assets before valuation allowance	**102,349**	53,810
Valuation allowance	**(87,624)**	(48,958)
	$ 14,725	$ 4,852
Deferred tax assets - current	**$ 2,643**	$ 4,852
Deferred tax assets - long term	**12,082**	-
	14,725	4,852
Deferred Tax Liabilities		
Long-term - book value in excess of tax basis	**(231,558)**	(204,570)
Net Deferred Tax Liabilities	**$ (216,833)**	$ (199,718)

Equity tax for the six months ended June 30, 2011 of $8.3 million represents a Colombian tax of 6.2% on the balance sheet equity recorded in the Company's Colombian branches as at January 1, 2011. The equity tax is assessed every four years. The tax for the four-year period from 2011 to 2014 is payable in eight semi-annual installments over the four-year period but is expensed in the first quarter of 2011 at the commencement of the four-year period. Accordingly, the equity tax expense for the previous four-year period was recorded prior to 2010 and no expense is recorded in the first half of 2010. The remainder of the equity tax liability at June 30, 2011 relates to an equity tax liability assumed upon the acquisition of Petrolifera.

As at June 30, 2011, the total amount of Gran Tierra's unrecognized tax benefits was approximately $13.1 million (December 31, 2010 - $4.2 million), a portion of which, if recognized, would affect the Company's effective tax rate. To the extent interest and penalties may be assessed by taxing authorities on any underpayment of income tax, such amounts have been accrued and are classified as a component of income taxes in the consolidated statement of operations. As at June 30, 2011, the total amount of interest and penalties included in unrecognized tax benefits in current income tax liabilities in the condensed consolidated balance sheet was approximately $1.8 million. The Company had no interest or penalties included in the consolidated statement of operations for the three and six months ended June 30, 2011 and 2010, respectively.

Changes in the Company's unrecognized tax benefit are as follows:

(Thousands of U.S. Dollars)	
Unrecognized tax benefit at January 1, 2011	**$ 4,175**
Reduction of tax position related to prior years	**(257)**
Additions to tax position related to the current year	**9,190**
Unrecognized tax benefit at June 30, 2011	**$ 13,108**

The Company and its subsidiaries file income tax returns in the U.S. federal and state jurisdictions and certain other foreign jurisdictions. The Company is subject to income tax examinations for the calendar tax years ended 2005 through 2010 in most jurisdictions. The Company does not anticipate any material changes to the unrecognized tax benefits disclosed above within the next twelve months.

As at June 30, 2011, the Company has deferred tax assets relating to net operating loss carryforwards of $57.6 million (December 31, 2010 - $27.5 million) and capital losses of $2.4 million (December 31, 2010 - $1.4 million) before valuation allowances. Of these losses, $48.3 million (December 31, 2010 - $20.5 million) are losses generated by the foreign subsidiaries of the Company. Of the total losses, $1.2 million will begin to expire in 2012 (December 31, 2010 - $nil) and $58.9 million (December 31, 2010 - $28.9 million) will begin to expire thereafter.

9. Accounts Payable and Accrued Liabilities

The balances in accounts payable and accrued liabilities and are comprised of the following:

	As at June 30, 2011				
(Thousands of U.S. Dollars)	**Colombia**	**Argentina**	**Peru**	**Corporate**	**Total**
Property, plant and equipment	**$ 24,469**	**$ 7,116**	**$ 1,185**	**$ 17,316**	**$ 50,086**
Payroll	**3,114**	**412**	**279**	**2,129**	**5,934**
Audit, legal, and consultants	**-**	**217**	**57**	**1,273**	**1,547**
General and administrative	**968**	**216**	**133**	**780**	**2,097**
Operating	**56,111**	**7,959**	**40**	**253**	**64,363**
Total	**$ 84,662**	**$ 15,920**	**$ 1,694**	**$ 21,751**	**$ 124,027**

	As at December 31, 2010				
(Thousands of U.S. Dollars)	**Colombia**	**Argentina**	**Peru**	**Corporate**	**Total**
Property, plant and equipment	$ 32,854	$ 10,452	$ 8,377	$ 1,438	$ 53,121
Payroll	3,256	186	-	2,300	5,742
Audit, legal, and consultants	-	140	16	1,676	1,832
General and administrative	1,039	590	70	363	2,062
Operating	43,037	2,141	173	35	45,386
Total	$ 80,186	$ 13,509	$ 8,636	$ 5,812	$ 108,143

10. Commitments and Contingencies

Leases

Gran Tierra holds four categories of operating leases: compressor, office, vehicle and equipment and housing. The Company pays monthly amounts of $0.2 million for compressors, $0.3 million for office leases, $22,000 for vehicle and equipment leases and $6,000 for certain employee accommodation leases in Canada, Colombia, Argentina, Peru, and Brazil. Future lease payments at June 30, 2011 are as follows:

	As at June 30, 2011				
	Payments Due in Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
(Thousands of U.S. Dollars)					
Operating leases	**$ 10,703**	$ 5,584	$ 4,311	$ 808	$ -
Bank debt	**31,250**	31,250	-	-	-
Software and telecommunication	**3,072**	1,858	1,032	182	-
Drilling, completion, facility construction and oil transportation services	**103,543**	71,853	22,069	9,621	-
Consulting	**806**	806	-	-	-
Total	**$ 149,374**	**$ 111,351**	**$ 27,412**	**$ 10,611**	**$ -**

Indemnities

Corporate indemnities have been provided by the Company to directors and officers for various items including, but not limited to, all costs to settle suits or actions due to their association with the Company and its subsidiaries and/or affiliates, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

The Company may provide indemnifications in the normal course of business that are often standard contractual terms to counterparties in certain transactions such as purchase and sale agreements. The terms of these indemnifications will vary based upon the contract, the nature of which prevents the Company from making a reasonable estimate of the maximum potential amounts that may be required to be paid. Management believes the resolution of these matters would not have a material adverse impact on the Company's liquidity, consolidated financial position or results of operations.

Contingencies

Ecopetrol and Gran Tierra Energy Colombia Ltd. "Gran Tierra Colombia", 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. There is a material difference in the interpretation of the procedure established in Clause 3.5 of Attachment-B of the Guayuyaco Association Contract. Ecopetrol interprets the contract to provide that the extended 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. Gran Tierra Colombia's contention is that this amount is merely the recovery of 30% of the direct exploration costs of the wells and not exclusively for the benefit of Ecopetrol. There has been no agreement between the parties, and Ecopetrol has filed a lawsuit in the Contravention Administrative Court in the District of Cauca regarding this matter. Gran Tierra Colombia filed a response on April 29, 2008 in which it refuted all of Ecopetrol's claims and requested a change of venue to the courts in Bogotá. At this time no amount has been accrued in the financial statements as the Company does not consider it probable that a loss will be incurred. Ecopetrol is claiming damages of approximately $5.8 million.

Gran Tierra is subject to a third party 10% net profits interest on 50% of the Company's production from the Costayaco field that arises from the original acquisition in 2006 of 50% of Gran Tierra's interest in the Chaza Block Contract. There is currently a disagreement between Gran Tierra and the third party as to the calculation of the net profits interest. Gran Tierra and the third party have agreed to resolve this issue through an arbitration which is anticipated to be heard in Texas, in accordance with the rules of the American Arbitration Association, in the fourth quarter of 2011. At this time no amount has been accrued in the financial statements as the Company does not consider it probable that a loss will be incurred. The disputed amount at June 30, 2011 is $7.0 million.

Gran Tierra has several lawsuits and claims pending for which the Company currently cannot determine the ultimate result. Gran Tierra records costs as they are incurred or become determinable. Gran Tierra believes the resolution of these matters would not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

11. Financial Instruments, Fair Value Measurements and Credit Risk

The Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities, bank debt and derivative financial instruments. The estimated fair values of the financial instruments have been determined based on the Company's assessment of available market information and appropriate valuation methodologies. As at June 30, 2011, the fair values of financial instruments approximate their book amounts due to the short term maturity of these instruments except the fair values of derivative financial instruments as discussed below.

None of the these derivative instruments currently qualify as fair value hedges or cash flow hedges, and accordingly, changes in their fair value are recognized as income or expense in the consolidated statement of operations and retained earnings with a corresponding adjustment to the fair value of derivative instruments recorded on the balance sheet. The derivative instruments comprise the Replacement Warrants (Notes 3 and 6) and a crude oil collar which expired in February 2010.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 and 3 inputs are based on significant other observable inputs and significant unobservable inputs, respectively, and have lower priorities. The Company uses appropriate valuation techniques based on the available inputs to measure the fair values of assets and liabilities. When available, Gran Tierra measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The Company does not have any assets or liabilities whose fair value is measured using the Level 1 or 2 methods. The Company classifies the Replacement Warrants as Level 3 and measures their fair values as discussed in Notes 3 and 6.

Most of the Company's accounts receivable relate to oil and natural gas sales and are exposed to typical industry credit risks. The Company manages this credit risk by entering into sales contracts with only credit worthy entities and reviewing its exposure to individual entities on a regular basis. The book value of the accounts receivable reflects management's assessment of the associated credit risks.

The Company's revenues are derived principally from uncollateralized sales to customers in the oil and natural gas industry. The concentration of credit risk in a single industry affects the Company's overall exposure to credit risk because customers may be similarly affected by changes in economic and other conditions. For the six months ended June 30, 2011, the Company had one significant customer for its Colombian crude oil, Ecopetrol. In Argentina, the Company had two significant customers, Shell and Refiner.

Additionally, foreign exchange gains/losses result from the fluctuation of the U.S. dollar to the Colombian peso due to Gran Tierra's deferred tax liability, a monetary liability, which is denominated in the local currency of the Colombian foreign operations. As a result, a foreign exchange gain/loss must be calculated on conversion to the U.S. dollar functional currency. A strengthening in the Colombian peso against the U.S. dollar results in foreign exchange losses, estimated at $110,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar.

12. Bank Debt and Credit Facilities

Effective July 30, 2010, a subsidiary of Gran Tierra, Solana, established a credit facility with BNP Paribas for a three-year term which may be extended or amended by agreement between the parties. This reserve based facility has a maximum borrowing base up to $100 million and is supported by the present value of the petroleum reserves of the Company's two subsidiaries with operating branches in Colombia – Gran Tierra Energy Colombia Ltd. and Solana Petroleum Exploration (Colombia) Ltd. The initial committed borrowing base is $20 million. Amounts drawn down under the facility bear interest at the U.S. dollar LIBOR rate plus 3.5%. In addition, a stand-by fee of 1.50% per annum is charged on the unutilized balance of the committed borrowing base and is included in general and administrative expense. Under the terms of the facility, the Company is required to maintain and was in compliance with certain financial and operating covenants. As at June 30, 2011, the Company had not drawn down any amounts under this facility.

As part of the acquisition of Petrolifera on March 18, 2011, Gran Tierra assumed a $100 million reserve-backed credit facility with available and outstanding balance as at the Acquisition Date and June 30, 2011 of $31.3 million. This credit facility agreement with a syndicate of banks expires on June 30, 2012. Gran Tierra is required to make three scheduled reserve deposits of $3.8 million per quarter through September 30, 2011 at which time those deposits are applied to repay part of the principal. Two additional principal repayments of $3.8 million are to be made at the end of each of the following quarters with the final settlement of $12 million to be made June 30, 2012 when this agreement expires. As of June 30, 2011, $8.1 million, which includes $0.5 million reserved prior to the acquisition, has been placed in reserve and is recorded as restricted cash in current assets in the Company's condensed consolidated balance sheet. Under the terms of this credit facility agreement, one-half of any potential farmout proceeds received by Gran Tierra related to Petrolifera's Argentine assets, up to a maximum of $5.0 million, are to be first allocated to reduce the final $12.0 million permanent debt repayment due and payable upon expiry of the agreement in June 2012. Any excess farmout proceeds are then to be evenly allocated to reduce Gran Tierra's quarterly reserve payments or debt repayments. The credit facility bears interest at LIBOR plus 8.25%, is partially secured by the pledge of the shares of Petrolifera's subsidiaries and has a provision for a borrowing base adjustment every six months.

Under the terms of the Petrolifera facility, the Company is required to maintain and was in compliance with certain financial and operating covenants. Gran Tierra has classified this credit facility as current as the Company repaid the credit facility on August 5, 2011. A regulation of the Argentine Central Bank establishes that "new indebtedness and renewals of debts with foreign creditors engaged by local residents shall be kept for a minimum 365 days". Petrolifera entered into an amendment of this credit facility on August 4, 2010, which then renewed and restructured the existing debt. As a result, the principal debt that was loaned into Argentina could not be repaid and retired until August 2011.

Interest Expense

Interest expense on the facilities for the 104 day period from the Acquisition Date to June 30, 2011 was $0.8 million. This amount is recorded on the Consolidated Statements of Operations and Retained Earnings as part of general and administrative expense.

Restricted cash

Restricted cash comprises $8.1 million for future debt repayments associated with the credit facility assumed upon the acquisition of Petrolifera (Note 3) and cash resources pledged to secure letters of credit. Letters of credit currently secured by cash relate to work commitment guarantees contained in exploration contracts.

13. Related Party Transaction

On February 1, 2009, the Company entered into a sublease for office space with a company, of which one of Gran Tierra's directors is a shareholder and director. The term of the sublease runs from February 1, 2009 to August 31, 2011 and the sublease payment is $8,800 per month plus approximately $4,500 for operating and other expenses. The terms of the sublease were consistent with market conditions in the Calgary, Alberta, Canada real estate market.

On August 3, 2010, Gran Tierra entered into a contract related to the Peru drilling program with a company of which one of Gran Tierra's directors is a shareholder and director. For the six months ended June 30, 2011, $2.2 million was capitalized and at June 30, 2011, $0.1 million was included in accounts payable related to this contract, the terms of which are consistent with market conditions.

On January 12, 2011, the Company entered into an agreement to sublease office space to a company of which Gran Tierra's President and Chief Executive Officer serves as an independent Director. The term of the sublease runs from February 1, 2011 to January 30, 2013 and, at $4,400 per month plus approximately $5,700 of operating and other expense, the terms are consistent with market conditions in the Calgary, Alberta, Canada real estate market.

14. Subsequent Event

On August 5, 2011, the Company repaid its bank debt which was assumed upon the acquisition of Petrolifera (Note 12).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report contains forward-looking statements within the meaning of Section 27A of the United States Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including without limitation, statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our projected financial position and results, estimated quantities and values of reserves, business strategy, plans and objectives of our management for future operations and those statements preceded by, followed by or that otherwise include the words "believes", "expects", "anticipates", "intends", "estimates", "projects", "target", "goal", "plans", "objective", "should", or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that the assumptions upon which the forward-looking statements are based will prove to be correct. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements, including, but not limited to, those set out in Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The following discussion of our financial condition and results of operations should be read in conjunction with the Financial Statements as set out in Part I – Item 1 of this Quarterly Report on Form 10-Q, as well as the financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission on February 25, 2011.

OVERVIEW

We are an independent international energy company incorporated in the United States and engaged in oil and natural gas acquisition, exploration, development and production. We are headquartered in Calgary, Alberta, Canada and operate in South America in Colombia, Argentina, Peru, and Brazil.

In September 2005, we acquired our initial oil and gas interests and properties, which were in Argentina. During 2006, we increased our oil and gas interests and property base through further acquisitions in Colombia, Argentina and Peru. We funded acquisitions of our properties in Colombia and Argentina through a series of private placements of our securities that occurred between September 2005 and June 2006.

Effective November 14, 2008, we completed the acquisition of Solana Resources Limited ("Solana"), an international resource company engaged in the acquisition, exploration, development and production of oil and natural gas in Colombia and incorporated in Alberta, Canada.

Effective March 18, 2011, we completed the acquisition of Petrolifera Petroleum Ltd. ("Petrolifera"), a Canadian based international oil and gas company which owns working interests in 11 exploration and production blocks; three located in Colombia, three in Peru and five in Argentina.

On August 26, 2010, the Company entered into an agreement to acquire a 70% participating interest in four blocks in Brazil. With the exception of one block which has a producing well, the remaining blocks are unproved properties. The agreement was effective September 1, 2010, subject to regulatory approvals, and the transaction was completed on June 15, 2011. Purchase consideration of $40.1 million, included cash payments of $22.6 million recorded in the Corporate cost centre and an obligation to fund certain exploratory activities, including the drilling of two exploratory wells in the acquired areas. First production contribution from the producing block was recorded in June 2011.

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HIGHLIGHTS

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Production - Barrels of Oil Equivalent ("boe") per Day (1)	**18,141**	13,376	36	**16,354**	14,158	16
Prices Realized - per boe	**$ 97.93**	$ 68.78	42	**$ 95.93**	$ 68.93	39
Revenue and Other Income ($000s)	**$ 162,120**	$ 84,114	93	**$ 284,639**	$ 177,224	61
Net Income ($000s)	**$ 31,567**	$ 17,371	82	**$ 45,280**	$ 27,331	66
Net Income Per Share - Basic	**$ 0.11**	$ 0.07	57	**$ 0.17**	$ 0.11	55
Net Income Per Share - Diluted	**$ 0.11**	$ 0.07	57	**$ 0.16**	$ 0.10	60
Funds Flow From Operations ($000s) (2)	**$ 88,572**	$ 44,323	100	**$ 155,132**	$ 98,597	57
Capital Expenditures ($000s)	**$ 101,489**	$ 34,856	191	**$ 170,592**	$ 54,360	214

	As at		
	June 30, 2011	**December 31, 2010**	**% Change**
Cash & Cash Equivalents ($000s)	**$ 211,355**	$ 355,428	(41)
Working Capital (including cash & cash equivalents) ($000s)	**$ 215,360**	$ 265,835	(19)
Property, Plant & Equipment ($000s)	**$ 1,009,055**	$ 727,024	39

(1) Gas volumes are converted to boes at the rate of six thousand cubic feet ("mcf") of gas per barrel of oil, based upon the approximate relative energy content of gas and oil. The conversion ratio does not assume price equivalency and the price for a barrel of oil equivalent for natural gas may differ significantly from the price of a barrel of oil.

(2) Funds flow from operations is a non-GAAP measure which does not have any standardized meaning prescribed under United States Generally Accepted Accounting Principles ("GAAP"). Management uses this financial measure to analyze operating performance and the income (loss) generated by Gran Tierra's principal business activities prior to the consideration of how non-cash items affect that income (loss), and believes that this financial measure is also useful supplemental information for investors to analyze Gran Tierra's operating performance and financial results. Investors should be cautioned that this measure should not be construed as an alternative to net income (loss) or other measures of financial performance as determined in accordance with GAAP. Gran Tierra's method of calculating this measure may differ from other companies and, accordingly, it may not be comparable to similar measures used by other companies. Funds flow from operations, as presented, is net income adjusted for depletion, depreciation, accretion and impairment ("DD&A"), deferred taxes, stock-based compensation, unrealized gain on financial instruments, unrealized foreign exchange losses (gains), settlement of asset retirement obligations, equity tax and loss(gain) on acquisition. Reconciliation from funds flow from operations to net income is as follows:

Funds Flow From Operations - Non-GAAP Measure ($000s)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income	**$ 31,567**	$ 17,371	**$ 45,280**	$ 27,331
Adjustments to reconcile net income to funds flow from operations				
Depletion, depreciation, accretion and impairment	**46,965**	31,641	**110,322**	71,984
Deferred taxes	**(5,219)**	(7,977)	**(5,406)**	(18,031)
Stock-based compensation	**2,492**	1,998	**5,945**	3,360
Unrealized gain on financial instruments	**(1,292)**	-	**(1,354)**	(44)
Unrealized foreign exchange loss	**11,644**	1,290	**16,102**	13,997
Settlement of asset retirement obligations	**(305)**	-	**(309)**	-
Equity taxes	**119**	-	**6,251**	-
Loss (gain) on acquisition	**2,601**	-	**(21,699)**	-
Funds flows from operations	**$ 88,572**	$ 44,323	**$ 155,132**	$ 98,597

Operational Highlights

- In the second quarter of 2011, production of oil and gas (net after royalty and inventory adjustments) increased by 36% to 18,141 barrels of oil equivalent per day ("boepd") compared with the same quarter last year mainly due to a full quarter of production of 2,189 boepd from Petrolifera's properties in Argentina and absence of any pipeline or other operational disruptions. For the first half of 2011, oil and gas production increased by 16% to 16,354 boepd compared with the first half of 2010. The first quarter of 2011 production was adversely affected by pipeline maintenance in Colombia. In the second quarter of 2010, sections of the Ecopetrol operated Trans Andean Pipeline were damaged, which temporarily reduced our deliveries to Ecopetrol for 7 days in June 2010.

- Average prices realized per boe in the three months ended June 30, 2011, increased by 42% to $97.93 compared with the same period last year. For the six months ended June 30, 2011, the average price realized per boe increased by 39% to $95.93 from the comparative period last year.

- In the Moqueta field in the Chaza Block in Colombia, in which Gran Tierra has a 100% working interest, the Moqueta-4 delineation well was successfully completed and tested 1,674 barrels of oil per day in the first quarter of 2011 confirming additional oil bearing reservoirs. The Moqueta-5 delineation well was drilled from the same well pad as the Moqueta-4 delineation well and reached total measured depth of 5,309 feet in April 2011. The reservoirs were penetrated approximately 50 feet deeper than in Moqueta-4, increasing the reserve potential of the field. Construction of the Moqueta to Costayaco pipeline was also completed in the second quarter of 2011 with first oil production from Moqueta commencing in June of 2011. Production from Moqueta is expected to be moderate at 500 barrels per day until gas compression facilities are installed.

- On June 15, 2011, Gran Tierra received final approvals for the acquisition of a 70% participating interest in Blocks 129, 142, 155 and 224 in the onshore Reconcavo Basin of Brazil and also became the operator of these fields effective from that date. Gran Tierra has now assumed its working interest share of a light oil discovery in Block 155 which is currently producing 500 barrels of oil per day gross from one zone without the assistance of pumps. Two gross development wells are planned to be drilled in the second half of 2011 to grow production from this discovery and Gran Tierra is also committed to drill two exploratory wells in the acquired areas.

Financial Highlights

- Higher production levels and improved crude oil prices contributed to a 93% increase in revenue and other income to $162.1 million for the quarter ended June 30, 2011 compared with the same quarter last year. The same contributing factors increased revenue and other income by 61% to $284.6 million for the first half of 2011.

- Higher revenues offset partially by increased expenditures and foreign exchange losses resulted in net income of $31.6 million, or $0.11 per basic and diluted share, for the first quarter of 2011. This compares with $17.4 million, or $0.07 per basic and diluted share, recorded in the first quarter of 2010. Net income increased by 66% to $45.3 million, or $0.17 per basic share and $0.16 per diluted share, for the first half of 2011 compared with $27.3 million, or $0.11 per basic share and $0.10 per diluted share, recorded in the same period last year. The improvement came from higher revenues and a $21.7 million gain on acquisition which were partially offset by increased operating and general and administrative ("G&A") expenses and Colombian equity taxes as well as a $33.4 million ceiling test impairment recorded in the Peru cost center. Foreign exchange losses of $19.7 million were comparable to the losses recorded in the first half of 2010.

- Increased production levels and improved crude oil prices offset partially by increased operating and general and administrative expenses contributed to higher funds flow from operations for both comparative periods.

- Our cash and cash equivalents position of $211.4 million at June 30, 2011 decreased from $355.4 million at December 31, 2010 primarily as a result of year-to-date capital expenditures.

- Working capital (including cash and cash equivalents) was $215.4 million at June 30, 2011, which is a $50.5 million decrease from December 31, 2010, due mainly to lower cash and cash equivalents and the short term bank debt, offset partially by a $113.3 million increase in accounts receivable due to the timing of payments from Ecopetrol.

- Property, plant and equipment as at June 30, 2011 was $1.0 billion, an increase of $282.0 million from December 31, 2010, as a result of additions from the Petrolifera acquisition and the 2011 capital expenditure program, partially offset by DD&A.

Business Environment Outlook

Our revenues have been significantly impacted by the continuing fluctuations in crude oil prices. Crude oil prices are volatile and unpredictable and are influenced by concerns about financial markets and the impact of the worldwide economy on oil demand growth. However, based on projected production, prices, costs and our current liquidity position, we believe that our current operations and capital expenditure program can be maintained from cash flow from existing operations and cash on hand, 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, disposition of assets, or issuance of equity. The continuing uncertainty regarding the Middle East and continued economic instability in the United States and Europe is having an impact on world markets, and Gran Tierra is unable to determine the impact, if any, these events may have on oil prices and demand.

Our future growth and acquisitions may depend on our ability to raise additional funds through equity and debt markets. Should we be required to raise debt or equity financing to fund capital expenditures or other acquisition and development opportunities, such funding 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 shareholders, and this dilution would be exacerbated by a decline in our 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 further pledging of some or all of our assets.

2011 Work Program and Capital Expenditure Program

Gran Tierra's Capital Program continued in the second quarter of 2011 with expenditures of $101.5 million increasing the year to date expenditures to $170.6 million. These expenditure levels represent significant increases from the comparative periods in 2010 of $34.9 million and $54.4 million, respectively. The 2011 expenditures comprised the successful drilling of the Moqueta –4 and –5 wells in the Moqueta field, drilling of Costayaco -12 and -13 development wells in the Costayaco field and pipeline and facility construction in the Chaza Block, Colombia. The 2011 Capital Program also included the acquisition of a 70% participating working interest in four blocks in Brazil with one of the blocks containing a producing well. Also included are drilling costs for the dry and abandoned exploration wells, Taruka-1, Pacayaco-1, San Angel-1, and Canangucho -1 in Colombia, Kanatari-1in Peru, and the Valle Morado GTE.St.VMor-2001 sidetrack well in Argentina.

Gran Tierra's 2011 work program is intended to create both growth and value through strategic acquisitions of working interests, by leveraging existing assets to increase reserves and production levels and through the construction of pipelines and facilities in the areas with proved reserves. We are financing our capital program through internal cash flows, while retaining financial flexibility with a strong cash position and no debt, so that we can be positioned to undertake further development opportunities and to pursue value-add acquisitions. However, actual capital expenditures may vary significantly from our 2011 work program if unexpected events or circumstances occur, such as new opportunities present themselves, or anticipated opportunities do not come to fruition, which may therefore either increase or decrease the amount of capital expenditures we incur in 2011.

Gran Tierra has planned a 2011 capital spending program of $357 million for exploration and development activities in Colombia ($196 million), Peru ($49 Million), Argentina ($50 million) and Brazil ($62 million), including expenditures related to the newly acquired Petrolifera assets. Of this, $190 million is for drilling, $79 million for infrastructure, $87 million for seismic acquisition and $1 million for other activities. Of the $190 million related to drilling, approximately, $87 million is for exploration and the balance is for delineation and development drilling. We expect that our committed and discretionary 2011 capital program can be funded from cash flow from operations and cash on hand.

Gran Tierra continues to anticipate full year 2011 NAR production to average between 17,500 and 19,000 barrels of oil equivalent per day.

BUSINESS COMBINATION

On March 18, 2011 (the "Acquisition Date"), we completed our acquisition of all the issued and outstanding common shares and warrants of Petrolifera pursuant to the terms and conditions of the Arrangement Agreement dated January 17, 2011. Petrolifera is a Calgary-based crude oil, natural gas and natural gas liquids exploration, development and production company active in Argentina, Colombia and Peru. For further details reference should be made to Note 3 of the condensed consolidated financial statements.

The acquisition is accounted for using the acquisition method, with Gran Tierra being the acquirer, whereby Petrolifera's assets acquired and liabilities assumed are recorded at their fair values as at the Acquisition Date and the results of Petrolifera are consolidated with those of Gran Tierra from that date.

The following table shows the allocation of the consideration transferred based on the fair values of the assets and liabilities acquired:

(Thousands of U.S. Dollars)	
Consideration Transferred:	
Common shares issued net of share issue costs	$ 141,690
Replacement warrants	1,354
	$ 143,044
Allocation of Consideration Transferred (1):	
Oil and gas properties	
Proved	$ 58,457
Unproved	161,278
Other long term assets	4,417
Net working capital (including cash acquired of $7.7 million and accounts receivable of $6.4 million)	(17,223)
Asset retirement obligations	(4,901)
Bank debt	(22,853)
Other long term liabilities	(14,432)
Gain on acquisition	(21,699)
	$ 143,044

(1) The allocation of the consideration transferred is not final and is subject to change.

As indicated in the allocation of the consideration transferred, the fair value of identifiable assets acquired and liabilities assumed exceeded the fair value of the consideration transferred. Consequently, Gran Tierra reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that all acquired assets and assumed liabilities were recognized and that the valuation procedures and resulting measures were appropriate. As a result, Gran Tierra recognized a "Gain on acquisition" of $21.7 million in the consolidated statement of operations. The gain reflects the impact on Petrolifera's pre-acquisition market value resulting from their lack of liquidity and capital resources required to maintain current production and reserves and further develop and explore their inventory of prospects. Subsequent to the initial allocation of the consideration reported in the first quarter of 2011, further assessment of Petrolifera's tax position resulted in a reduction of the gain on acquisition to $21.7 million from $24.3 million previously reported. A corresponding adjustment has been made to the net working capital deficiency assumed.

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The acquisition was effective March 18, 2011 and the results of Petrolifera have been consolidated with Gran Tierra since that date. Production from the Petrolifera properties amounted to 1,245 boepd (2,189 boepd for the second quarter of 2011) with revenues of $10.9 million (second quarter 2011 - $9.7 million). With the exception of gain on acquisition described above, the impact of Petrolifera on Gran Tierra's net income for the six months ended June 30, 2011 was not material.

REVIEW OF CONSOLIDATED RESULTS

	Three Months Ended June 30,			Six Months Ended June 30,		
Consolidated Results of Operations	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
(Thousands of U.S. Dollars)						
Oil and natural gas sales	**$ 161,664**	$ 83,717	93	**$ 283,960**	$ 176,649	61
Interest	**456**	397	15	**679**	575	18
	162,120	84,114	93	**284,639**	177,224	61
Operating expenses	**23,160**	9,529	143	**39,556**	19,714	101
Depletion, depreciation, accretion, and impairment	**46,965**	31,641	48	**110,322**	71,984	53
General and administrative expenses	**16,410**	9,594	71	**30,048**	16,784	79
Equity tax	**221**	-	-	**8,271**	-	-
Financial instruments gain	**(1,292)**	-	-	**(1,522)**	(44)	-
Loss (gain) on acquisition	**2,601**	-	-	**(21,699)**	-	-
Foreign exchange loss	**14,495**	3,126	(364)	**19,694**	17,420	(13)
	102,560	**53,890**	90	**184,670**	**125,858**	47
Income before income taxes	**59,560**	30,224	97	**99,969**	51,366	95
Income tax expense	**(27,993)**	(12,853)	118	**(54,689)**	(24,035)	128
Net income	**$ 31,567**	$ 17,371	82	**$ 45,280**	$ 27,331	66
Production, Net of Royalties						
Oil and NGL's ("bbl") (1)	**1,594,735**	1,204,254	32	**2,888,188**	2,545,936	13
Natural gas ("mcf") (1)	**336,837**	77,550	334	**431,154**	100,068	331
Total production ("boe") (1) (2) (3)	**1,650,875**	1,217,179	36	**2,960,047**	2,562,614	16
Average Prices						
Oil and NGL's ("per bbl")	**$ 100.68**	$ 69.25	45	**$ 97.82**	$ 69.23	41
Natural gas ("per mcf")	**$ 3.32**	$ 4.09	(19)	**$ 3.31**	$ 4.05	(18)
Consolidated Results of Operations ("per boe")						
Oil and natural gas sales	**$ 97.93**	$ 68.78	42	**$ 95.93**	$ 68.93	39
Interest	**0.28**	0.33	(15)	**0.23**	0.22	5
	98.21	69.11	42	**96.16**	69.15	39
Operating expenses	**14.03**	7.83	79	**13.36**	7.69	74
Depletion, depreciation, accretion, and impairment	**28.45**	26.00	9	**37.27**	28.09	33
General and administrative expenses	**9.94**	7.88	26	**10.15**	6.55	55
Equity tax	**0.13**	-	-	**2.79**	-	-
Foreign exchange loss	**8.78**	2.57	(242)	**6.65**	6.80	2
Loss(gain) on acquisition	**1.57**	-	-	**(7.33)**	-	-
Financial instruments gain	**(0.78)**	-	-	**(0.51)**	(0.02)	-
	62.12	44.28	40	**62.38**	49.11	27
Income before income taxes	**36.09**	24.83	45	**33.78**	20.04	69
Income tax expense	**(16.95)**	(10.56)	61	**(18.48)**	(9.38)	97
Net income	**$ 19.14**	$ 14.27	34	**$ 15.30**	$ 10.66	44

(1) Production represents production volumes adjusted for inventory changes.
(2) Natural gas liquids (“NGL”) volumes are converted to a barrel of oil equivalent (“boe”) on a one-to-one basis with oil.
(3) Gas volumes are converted to boe at the rate of six thousand cubic feet (“mcf”) of gas per barrel of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

Consolidated Results of Operations

Our operations are carried out in Colombia, Argentina, Peru, and Brazil, and we are headquartered in Calgary, Alberta, Canada. Our reportable segments include Colombia, Argentina, Peru and Corporate with the latter including the results of our activities in Brazil. For the three and six month periods ended June 30, 2011, Colombia generated 92% and 93%, respectively, of our revenue and other income. For the three and six months ended June 30, 2010, Colombia generated 96% of our revenue and other income. The decline in percentage contribution reflects the full quarter revenue contribution from Petrolifera that is primarily generated in Argentina.

Net income of $31.6 million, or $0.11 per share basic and diluted, was recorded for the three months ended June 30, 2011 compared to net income of $17.4 million, or $0.07 per share basic and diluted, for the same period in 2010. Higher oil revenues due to increased production and higher realized crude oil prices were partially offset by increased operating, DD&A and G&A expenses, and foreign exchange losses.

For the first half of the year, net income increased to $45.3 million, a 66% improvement from the same period last year. On a per share basis, net income improved to $0.17 per share basic and $0.16 per share diluted from the $0.11 basic and $0.10 diluted per share recorded in the first half of 2010. Improved revenues due to production and crude oil price increases were partially offset by higher operating and G&A expenses, a ceiling test impairment in the Peru Segment and Colombian equity tax. The results for the first six months of 2011 were also positively affected by a gain recorded on acquisition of Petrolifera. Foreign exchange losses recorded in the first half of 2011 were comparable to prior year.

Crude oil and NGL production, net after royalties, for the three months ended June 30, 2011 increased to 1,594,735 barrels, a 32% improvement from the same quarter last year. Absence of pipeline interruptions, full quarter contribution from Petrolifera (158,996 barrels) and improved production levels from the Costayaco field contributed to this increase. For the first six months of 2011, production of crude oil increased by 13% to 2,888,188 barrels due to terminal maintenance programs in Colombia which had an adverse effect on pipeline deliveries. In the second quarter of 2010, sections of the Ecopetrol operated Trans Andean Pipeline were damaged, which temporarily reduced our deliveries to Ecopetrol for 7 days in June 2010.

Average realized crude oil prices for the current quarter increased to $100.68 per barrel ($97.82 for the first six months of 2011) from $69.25 per barrel for the first three months of 2010 ($69.23 for the first six months of 2010) reflecting higher West Texas Intermediate ("WTI") oil prices. We received a premium to WTI during the first six months of 2011.

Increased production coupled with higher crude oil prices resulted in a 93% increase to $162.1 million in ***revenue and interest*** for the second quarter of 2011 and a 61% increase to $284.6 million for the first half of 2011, in comparison with prior year periods.

Operating expenses for the second quarter of 2011 amounted to $23.2 million, compared with $9.5 million recorded in the same quarter last year. The increase in operating expenses was mainly due to higher workover, fuel and power, water injection and trucking costs as well as a full quarter inclusion of Petrolifera operating costs ($4.5 million). Operating expenses for the first six months of 2011, increased to $39.6 million from $19.7 million last year due to the same factors. On a per unit basis, operating costs per boe increased to $14.03 from $7.83 for the second quarter and to $13.36 from $7.69 for the first half of the year compared to the prior year periods.

DD&A expense for the second quarter of 2011 increased to $47.0 million compared to $31.6 million for the same quarter in 2010. The increase was attributable to higher production levels as the depletion rate at $28.45 per boe remained comparable to the same quarter last year. Increased costs in the depletable pools were offset by higher reserves. DD&A expense for the second quarter of 2011 also included $4.2 million representing a full quarter of DD&A related to properties acquired from Petrolifera. For the six months ended June 30, 2011, DD&A expense increased to $110.3 million from $72.0 million recorded in the same period last year due to increased production and a $33.4 million ceiling test impairment recorded in our Peru cost center in the first quarter of 2011. This resulted in an increase in the effective depletion rate to $37.27 per boe in the current six month period compared with $28.09 per boe recorded in the same period last year.

G&A expenses of $16.4 million and $30.0 million for the three and six months ended June 30, 2011, respectively, were higher than comparable periods last year due to increased employee related costs reflecting the expanded operations in all business units as well as the Corporate Segment and $1.2 million of expenses associated with the acquisition of Petrolifera. Expenses for the second quarter of 2011 also included a full quarter of G&A expenses for Petrolifera ($2.9 million) and interest expense on the Petrolifera bank debt ($0.7 million). G&A expenses per boe increased 26% to $9.94 per boe for the current quarter, compared to $7.88 per boe for the second quarter of 2010, and increased by 55% to $10.15 per boe for the first six months ended June 30, 2011 compared to $6.55 for the same period in 2010 due to the same factors.

Equity tax represents a Colombian tax of 6.2% on the balance sheet equity recorded in our Colombia branches at January 1, 2011.

The ***foreign exchange losses*** result primarily from the translation of deferred tax liabilities denominated in Colombia Pesos. Under U.S. GAAP, these deferred taxes which arose from the acquisition of Solana are considered a monetary liability and are required to be translated at each balance sheet date to U.S dollars resulting in exchanges gains or losses. The foreign exchange losses recorded in both comparative periods resulted from the weakening of the U.S. dollar in relation to Colombian Peso.

Income tax expense for the three months ended June 30, 2011 amounted to $28.0 million compared to $12.9 million recorded in the same period in 2010. For the six months ended June 30, 2011, income tax expense amounted to $54.7 million compared to $24.0 million recorded in the first half of 2010. In 2011, higher income before income taxes resulted in increased income taxes. The effective income tax rate for the second quarter of 2011 was 47% compared with 43% the same quarter last year due to the increase in the valuation allowance. For the first six months of 2011, the effective income tax rate was 55% compared with 47% in the same period last year due to the increase in the valuation allowance on losses incurred mainly in Peru offset partially by the inclusion of the non-taxable gain on acquisition. The variance in the effective tax rates for both comparative periods compared to the 35% U.S. statutory rate is attributable to the same factors and other permanent difference.

REVIEW OF OPERATIONS IN COLOMBIA

Segmented Results of Operations – Colombia	Three Months Ended June 30, 2011	2010	% Change	Six Months Ended June 30, 2011	2010	% Change
(Thousands of U.S. Dollars)						
Oil and natural gas sales	**$ 148,473**	$ 80,603	84	**$ 265,777**	$ 170,036	56
Interest	**158**	142	11	**245**	219	12
	148,631	80,745	84	**266,022**	170,255	56
Operating expenses	**15,558**	7,288	113	**28,343**	15,390	84
Depletion, depreciation and accretion	**39,609**	30,321	31	**69,645**	65,327	7
General and administrative expenses	**5,426**	3,727	46	**8,739**	6,799	29
Equity tax	**221**	-	-	**8,271**	-	-
Foreign exchange loss	**14,088**	2,320	(507)	**19,409**	16,890	(15)
	74,902	43,656	72	**134,407**	104,406	29
Segment income before income taxes	**$ 73,729**	$ 37,089	99	**$ 131,615**	$ 65,849	100
Production, Net of Royalties						
Oil and NGL's ("bbl") (1)	**1,380,210**	1,138,847	21	**2,583,825**	2,404,416	7
Natural gas ("mcf") (1)	**60,315**	77,550	(22)	**115,572**	100,068	15
Total production ("boe") (1) (2) (3)	**1,390,262**	1,151,772	21	**2,603,087**	2,421,094	8
Average Prices						
Oil and NGL's ("per bbl")	**$ 107.39**	$ 70.50	52	**$ 102.68**	$ 70.55	46
Natural gas ("per mcf")	**$ 4.25**	$ 4.11	3	**$ 4.15**	$ 4.09	1
Segmented Results of Operations ("per boe")						
Oil and natural gas sales	**$ 106.80**	$ 69.98	53	**$ 102.10**	$ 70.23	45
Interest	**0.11**	0.12	(8)	**0.09**	0.09	-
	106.91	70.10	53	**102.19**	70.32	45
Operating expenses	**11.19**	6.33	77	**10.89**	6.36	71
Depletion, depreciation and accretion	**28.49**	26.33	8	**26.75**	26.98	(1)
General and administrative expenses	**3.90**	3.24	20	**3.36**	2.81	20
Equity tax	**0.16**	-	-	**3.18**	-	-
Foreign exchange loss	**10.13**	2.01	(404)	**7.46**	6.98	(7)
	53.87	37.91	42	**51.64**	43.13	20
Segment income before income taxes	**$ 53.04**	$ 32.19	65	**$ 50.55**	$ 27.19	86

(1) Production represents production volumes adjusted for inventory changes.
(2) Natural gas liquids (“NGL”) volumes are converted to boe on a one-to-one basis with oil.
(3) Gas volumes are converted to ("boe") at the rate of six thousand cubic feet (“mcf”) of gas per barrel of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

Segmented Results of Operations – Colombia

For the three and six months ended June 30, 2011, ***income before income taxes*** from Colombia amounted to $73.7 million and $131.6 million respectively, compared to $37.1 million and $65.8 million in the same periods in 2010. The increases are mainly the result of increased oil revenues due to higher crude oil production and improved prices, offset partially by increases in operating and G&A expenses, DD&A equity tax and foreign exchange losses.

For the three months ended June 30, 2011, ***production of crude oil and NGLs***, net after royalties, increased by 21% to 1,380,210 barrels compared to 1,138,847 barrels for the same period in 2010. The increase is primarily due to improved production levels from the Costayaco oil field and absence of any pipeline disruptions during the quarter. Production for the first six months of 2011 amounted to 2,583,825 barrels compared to 2,404,416 barrels, an increase of 7% from the same period last year. The first quarter production was adversely affected by the maintenance program at the Tumaco Port crude offloading terminal between December 28, 2010 and February 7, 2011 which reduced sales through the Ecopetrol-operated Trans-Andean oil pipeline. In the second quarter of 2010, sections of the Ecopetrol operated Trans Andean Pipeline were damaged, which temporarily reduced our deliveries to Ecopetrol for 7 days in June 2010.

As a result of achieving gross field production of five million barrels in our Costayaco field during the month of September 2009, Gran Tierra is now subject to an additional government royalty payable. This royalty is calculated on 30% of the field production revenue over an inflation adjusted trigger point. That trigger point for Costayaco crude oil is $31.29 for 2011. Production revenue for this calculation is based on production volumes net of other government royalty volumes. Average government royalties at Costayaco with gross production of 17,000 barrels of oil per day and $100 WTI price per barrel are approximately 27.9%, including the additional government royalty of approximately 20.5%. The National Hydrocarbons Agency sliding scale royalty at 17,000 barrels of oil per day is approximately 9.2% and this royalty is deductible prior to calculating the additional government royalty.

Revenue and interest for the three and six months ended June 30, 2011 increased by 84% to $148.6 million and by 56% to $266.0 million, respectively, from comparable prior year periods. Revenue and interest were positively impacted by an increase in net realized crude oil prices in 2011 compared to 2010 as well as increased production. The average net realized price for crude oil increased by 52% to $107.39 per barrel for the three months ended June 30, 2011 compared to the same period last year. For the first six months of this year, the average realized price increased by 46% to $102.68 per barrel from the same period last year. We received a premium to WTI during the first half of 2011.

Operating expenses for the three months ended June 30, 2011 increased to $15.6 million from $7.3 million in the same period last year. For the six months ended June 30, 2011 operating expenses increased to $28.3 million compared to $15.4 million in the same period in 2010. The increased operating expenses resulted from higher workover, fuel and power, water injection and trucking costs. On a per barrel basis, operating expenses for the second quarter of 2011 increased to $11.19 compared to $6.33 incurred for the same period last year ($10.89 for the first six months of 2011 versus $6.36 in the same period last year), for the same reasons mentioned above.

For the quarter ended June 30, 2011, ***DD&A*** expense increased to $39.6 million from $30.3 million recorded in the same period in 2010. The increase was attributable to higher production levels as the depletion rate at $28.49 per boe remained comparable to the same quarter last year. Increased levels of costs in our depletable pools were offset by higher reserves. DD&A expense for the first half of 2011 amounted to $69.6 million essentially unchanged from the same period last year. The impact of an 8% increase in production was essentially offset by higher crude oil proved reserves as the depletion rate of $26.75 per boe remained essentially unchanged from the same period last year.

An increased level of development and operating activities and higher stock-based compensation expense resulted in ***G&A*** expense increasing to $5.4 million ($3.90 per boe) for the three months ended June 30, 2011 from $3.7 million ($3.24 per boe) incurred for the same period in 2010. For the six months ended June 30, 2010, G&A expense increased to $8.7 million ($3.36 per boe) from $6.8 million ($2.81 per boe) incurred for the first six months of 2010, for the same reasons cited above.

Equity tax of $8.3 million for the six months ended June 30, 2011 represents a Colombian tax of 6.2% on the balance sheet equity recorded in our Colombian branches at January 1, 2011. The equity tax is assessed every four years. The tax for the four-year period from 2011 to 2014 is payable in eight semi-annual installments over the four-year period but is expensed in the first quarter of 2011 at the commencement of the four-year period. Accordingly, the equity tax expense for the previous four-year period was recorded prior to 2010 and no expense is recorded in the comparative periods for 2010.

The results for the three months ended June 30, 2011 include a ***foreign exchange loss*** of $14.1 million, of which $11.6 million is an unrealized non cash foreign exchange loss on the translation of Colombian peso denominated deferred taxes to the U.S. dollar functional currency. Under GAAP, such deferred taxes are considered a monetary liability and require translation from local currency to U.S. dollar functional currency at each balance sheet date. This translation results in the recognition of unrealized exchange losses or gains. A strengthening in the Colombian peso against the U.S. dollar results in foreign exchange losses, estimated at $110,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar. For the same quarter in 2010, the foreign exchange loss recorded was $2.3 million loss, of which $1.3 million was unrealized. For the six months ended June 30, 2011 the foreign exchange loss of $19.4 million (2010: $16.9 million) included an unrealized loss of $16.0 million (2010: $13.8 million).

Capital Program - Colombia

Our capital expenditures in Colombia amounted to $54.2 million for the second quarter of 2011 bringing the total expenditures for the first half of 2011 to $96.5 million, an approximate 100% increase from the comparative periods in 2010. In 2010, we spent $28.9 million in the second quarter and $46.5 million in the first six months of the year. The following provides a breakdown of our capital expenditures in the comparative periods of 2011 and 2010:

Capital Program – Colombia	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
(Millions of U.S. Dollars)	**June 30, 2011**	**June 30, 2010**	**June 30, 2011**	**June 30, 2010**
Drilling and completion	**$ 26.4**	$ 17.7	**$ 56.8**	$ 25.1
Facilities and equipment	**9.9**	7.8	**15.0**	13.2
Geological and geophysical	**4.3**	2.7	**5.1**	7.2
Other	**13.6**	0.7	**19.6**	1.0
	54.2	28.9	**96.5**	46.5

The significant elements of Gran Tierra's 2011 Capital Program in Colombia are summarized below:

- ***Moqueta Field, Chaza Block (100% working interest and Operator)***

  The Moqueta-4 delineation well was completed and tested in the first quarter of 2011 and confirmed oil bearing reservoirs in the Villeta T Sandstone, the Lower U Sandstone and the Caballos formations. The Moqueta-5 deviated delineation well was drilled from the same well pad as the Moqueta-4 delineation well and reached total measured depth of 5,309 feet in April 2011. Initial production tests at Moqueta-5 were conducted on the T Sandstone reservoir and will eventually be performed on all zones. Testing over 10 days resulted in production rates of 730 barrels of oil per day with a jet pump. In the second quarter of 2011, construction of facilities at the Moqueta field commenced. Gran Tierra completed the 6 inch diameter, 8 km pipeline connecting the Moqueta and Costayaco infrastructure. First production tests occurred on June 29, 2011 and will continue throughout 2011 as we test the reservoir productivity and pressure response. Average production from the Moqueta field is expected to be modest, at approximately 500 barrels of oil per day for the second half of 2011. Production is expected to begin ramping up in 2012 to levels that will be determined once reservoir performance data has been acquired, the full aerial extent of the field has been determined, and the final development concept decided.

- ***Costayaco Field, Chaza Block (100% working interest and Operator)***

  Drilling operations concluded in the first quarter of 2011 on the Costayaco-12 and -13 development wells, which were drilled as infill production wells to test the respective northern and southern extensions of the Costayaco field. Production from the Costayaco-12 and -13 wells is intended to assist in maintaining production plateau at the Costayaco field; these wells will be converted to water-injectors to assist with pressure maintenance in the field later in the Costayaco field life. In the second quarter of 2011, drilling operations commenced on the Costayaco-14 development well, which is planned to be used as a water injector well to assist in maintaining reservoir pressure. The field was connected to the national electrical system during the quarter, which is expected to marginally improve operating costs in the area going forward.

- ***Canangucho Prospect, Chaza Block (100% working interest and Operator)***

  The Canangucho-1 exploration well reached total depth on March 23, 2011. After the evaluation of wireline logs, it was determined that the T Sandstone and Caballos formations were water bearing. As a result, the Canangucho well was plugged and abandoned.

- ***Juanambu Field, Guayuyaco Block (70% working interest and Operator)***

  The Juanambu-3 development well began drilling on March 3, 2011. Drilling operations were completed in April, 2011. The U Sandstone, T Sandstone and Caballos formations were fractured during a workover in the second quarter. All formations tested oil at improved rates over the original test.

- ***Garibay – Melero -1 (50% working interest and Non-Operated***

  The Melero-1 exploration well reached total depth of 9,748 feet on July 16, 2011. Oil shows in the Mirador Formation were encountered during drilling and oil is interpreted from logs. Repeat Formation Tester data over the zone was inconclusive. A testing program is currently being prepared

- ***Taruka Prospect, Piedemonte Sur Block (100% working interest and Operator)***

  The Taruka-1 exploration well reached total depth on February 7, 2011. The target reservoirs were encountered, but with only poor oil shows. The well was plugged and abandoned.

- ***Brillante, Sierra Nevada Block (100% working interest and Operator)***

  Development of the Brillante gas field is advancing, with first gas sales expected to be initiated in the third quarter of 2011 through compressed natural gas trucking at approximately 2 to 3 million cubic feet per day. A new 275 square kilometer 3D seismic acquisition program is expected to be acquired in the third quarter of 2011, of which 222 square kilometers will be in the Sierra Nevada License and 53 square kilometers will be in the Magdalena license. Construction of the platform for the Brillante SE-2 well has commenced.

Outlook – Colombia

The 2011 capital program in Colombia is $196 million with $108 million allocated to drilling, $38 million to facilities and pipelines and $50 million for geological and geophysical ("G&G") expenditures. Three additional blocks added to Gran Tierra's portfolio from Petrolifera were Sierra Nevada, Magdalena, and Turpial.

For the remaining six months of 2011, the drilling program includes the completion of six gross exploration wells and two gross development wells as described below:

Exploration Activities:

- The Pacayaco-1 ST1 well on the Chaza block of the Putumayo basin is expected to be drilled in the fourth quarter of 2011.

- Environmental permitting for the Rumiyaco-1 oil exploration well in the Rumiyaco Block of the Putumayo Basin has been approved. Civil construction work began in May 2011 and the well is expected to start drilling in the third quarter of 2011.

- Melero-1 testing to be completed in the third quarter of 2011.

- La Vega Este-1 oil exploration well in the Azar Block is on schedule to be drilled in the fourth quarter of 2011.

- The Turpial-1 exploration well in the Middle Magdalena Basin is expected to begin drilling in the fourth quarter of 2011 targeting a heavy oil prospect on the Turpial Block.

- The Brillante SE-2 well is expected to be drilled in the third quarter of 2011. The Brillante SE-2 well is expected to evaluate the significant potential gas resource discovered by Brillante SE-1x.

Development and Delineation Activities:

- Moqueta-6, expected to spud in third quarter of 2011, will be drilled as a deviated well from the Moqueta-4 and -5 surface location in order to further investigate the down dip limits of the oil columns encountered in the Villeta U, Villeta T and Caballos formation reservoirs. Subject to further drilling engineering work, the bottom hole location is approximately 600 meters northwest of Moqueta-4. Planning is underway for Moqueta-7, expected to be drilled in the first quarter of 2012 at a new surface location approximately 1,750 meters west of Moqueta-4. This location will allow additional appraisal of the down dip extent of the field. Moqueta-7 could be used as an oil producer or water injector depending on the well results.

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- Costayaco-14 water injection well is expected to be completed in early third quarter.

Facilities:

- Facility construction will include ongoing development of the Moqueta field and further facility work at Costayaco and Brillante.

Seismic:

- New 3D seismic acquisition is expected to start in the third quarter to assist in refining the mapping of the Moqueta field and planning further delineation and development drilling. 3-D seismic programs in Moqueta along with seismic programs in Brillante and three other blocks are expected to be completed by December 2011.

REVIEW OF OPERATIONS IN ARGENTINA

	Three Months Ended June 30,			Three Months Ended June 30,		
Segmented Results of Operations - Argentina (Thousands of U.S. Dollars)	**2011**	**2010**	**% Change**	**2011**	**2010**	**% Change**
Oil and natural gas sales	**$ 12,857**	$ 3,114	313	**$ 17,849**	$ 6,613	170
Interest	**28**	3	833	**28**	19	47
	12,885	3,117	313	**17,877**	6,632	170
Operating expenses	**7,428**	2,113	252	**10,975**	4,142	165
Depletion, depreciation, accretion, and impairment	**5,505**	1,224	350	**6,652**	6,491	2
General and administrative expenses	**2,779**	885	214	**3,697**	1,605	130
Foreign exchange loss	**272**	4	-	**82**	147	(44)
	15,984	4,226	278	**21,406**	12,385	73
Segment loss before income taxes	**$ (3,099)**	$ (1,109)	179	**$ (3,529)**	$ (5,753)	(39)
Production, Net of Royalties						
Oil and NGL's ("bbl") (1) (2)	**210,512**	65,407	222	**300,350**	141,520	112
Natural gas ("mcf") (2)	**276,522**	-	-	**315,582**	-	-
Total production ("boe") (2) (3)	**256,599**	65,407	292	**352,947**	141,520	149
Average Prices						
Oil and NGL's ("per bbl")	**$ 57.01**	$ 47.61	20	**$ 56.27**	$ 46.73	20
Natural gas ("mcf") (1)	**$ 3.11**	$ -	-	**$ 3.00**	$ -	-
Segmented Results of Operations ("per boe")						
Oil and natural gas sales	**$ 50.11**	$ 47.61	5	**$ 50.57**	$ 46.73	8
Interest	**0.11**	0.05	120	**0.08**	0.13	(38)
	50.22	47.66	5	**50.65**	46.86	8
Operating expenses	**28.95**	32.31	(10)	**31.10**	29.27	6
Depletion, depreciation, accretion, and impairment	**21.45**	18.71	15	**18.85**	45.86	(59)
General and administrative expenses	**10.83**	13.53	(20)	**10.47**	11.34	(8)
Foreign exchange loss	**1.06**	0.06	-	**0.23**	1.04	75
	62.29	64.61	(4)	**60.65**	87.51	(31)
Segment loss before income taxes	**$ (12.07)**	$ (16.95)	(29)	**$ (10.00)**	$ (40.65)	(75)

(1) Production represents production volumes adjusted for inventory changes.
(2) Natural gas liquids ("NGL") volumes are converted to boe on a one-to-one basis with oil.
(3) Gas volumes are converted to barrel of oil equivalent ("boe") at the rate of six thousand cubic feet ("mcf") of gas per barrel of oil, based upon the approximate relative energy content of gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices.

Segmented Results of Operations – Argentina

For the three months ended June 30, 2011 the ***pre-tax loss*** from Argentina was $3.1 million compared to a pre-tax loss of $1.1 million recorded in the same period in 2010. Increased oil and gas sales were more than offset by higher operating and G&A expenses as well as increased DD&A. For the six months ended June 30, 2011, the pre-tax loss was $3.5 million compared to $5.8 million of pre-tax loss recorded in the same period last year. For the first half of the year, higher oil and gas revenues were partially offset by increases in operating and G&A expenses. Operations of our Argentine Segment in 2011 were significantly affected by the inclusion of Petrolifera operations since March 19, 2011. The impact of Petrolifera on the financial and operational highlights of our business segment in Argentina is discussed below.

Crude oil and NGL production, net after 12% royalties, increased to 216,428 barrels for the three months ended June 30, 2011 compared to 65,407 barrels for the same period in 2010. For the six months ended June 30, 2011, production levels increased by 116% to 306,266 barrels compared to 141,520 barrels produced in the same period in 2010. The increase resulted from the inclusion of Petrolifera production of 178, 618 barrels beginning March 19, 2011.

In the second quarter of 2011, ***Natural Gas Sales*** which all come from the Petrolifera properties amounted to 241 million cubic feet bringing the total post acquisition sales since March 19, 2011 to 280 million cubic feet.

Overall, total production of oil and gas from the Argentine segment increased by 292% to 256,599 boe for the second quarter of 2011 and by 149% to 352,947 boe for the first half of the year.

Due to the local regulatory regimes, the price we currently receive for production from our blocks is approximately $57 per barrel. Furthermore, currently most oil and gas producers in Argentina are operating without sales contracts for periods longer than several months. Along with most other oil producers in Argentina we are continuing deliveries to the refineries and are negotiating a price for those deliveries on a regular and short term basis.

With a 20% improvement in regulated crude oil prices, and increased production levels due to the inclusion of Petrolifera oil and gas production, our ***revenues*** have increased by 313% to $12.9 million in the three months ended June 30, 2011 compared to the same period in 2010. For the six months ended June 30, 2011, an 20% crude oil price improvement coupled with higher production of crude oil and the recording of natural gas sales from the properties acquired from Petrolifera, resulted in an increase in revenue levels of 170% to $17.9 million compared to the same period in 2010.

Operating expenses for the three months ended June 30, 2011, amounted to $7.4 million, or $28.95 per boe, compared to $2.1 million, or $32.31 per boe, incurred in the same quarter last year. The increase was primarily due to the inclusion of Petrolifera operating expenses ($4.5 million) as well as increased workovers expenses. Operating expenses for the first half of 2011 increased to $11.0 million ($31.10 per boe) compared to $4.1 million ($29.27 per boe) for the same period a year ago due to the same factors (Petrolifera - $5.1 million).

DD&A expense for the second quarter of 2011 was $5.5 million compared with $1.2 million recorded in the same quarter last year. The increase is primarily due to the inclusion of full quarter DD&A for Petrolifera ($4.2 million). On a boe basis the DD&A rate increased to $21.45 from $18.71 due to higher cost pools offset partially by increased reserves. For the first half of 2011, DD&A expense was comparable to the same period in 2010. DD&A for the six month ending June 30, 2011 includes $4.9 million from Petrolifera. In 2010, DD&A includes a $3.7 million impairment charge. DD&A rate per boe in 2011 is $18.85, significantly lower than the $45.86 DD&A rate recorded in the first six months of 2010 due to the inclusion of the impairment charge of $26.14 per boe in 2010.

The ***G&A*** expense for the three and six months ending June 30, 2011 increased from the comparable period in 2010 due to the inclusion of Petrolifera G&A since its acquisition ($1.4 million for the three months ended June 30, 2011 and since acquisition).

Capital Program - Argentina

Capital expenditures for the three months ended June 30, 2011, amounted to $7.1 million bringing the total expenditures in the region for the first six months of 2011 to $18.8 million. The 2011 Program mainly included drilling expenses of $17.5 million, facilities expenses of $2.8 million , G&G expenses of $1.3 million and other of $0.5 million. These expenditures were partially offset by proceeds of $3.3 million from the farm out of the Santa Victoria Property.

Capital expenditures in Argentina for the three months ended June 30, 2010, were $3.8 million ($4.5 million for the six months ended June 30, 2010). The 2010 Program mainly included G&G expenditures in Valle Morado and drilling expenses in Valle Morado and El Chivil properties.

The significant elements of Gran Tierra's 2011 Capital Program in Argentina are summarized below:

- ***Properties acquired from Petrolifera:***

  Gran Tierra acquired six blocks in the Nuequen Basin from Petrolifera: Puesto Morales, Puesto Morales Este, Rinconada, Vaca Mahudia, Puesto Guevara and Gobernader.

- ***Valle Morado Field, Valle Morado Block***

  The sidetrack drilling operation on the Valle Morado GTE.St.VMor-2001 well was suspended in February 2011 and the well has been abandoned due to the poor condition of the casing in the discovery well.

- ***El Chivil, Neuquen Basin***

  Gran Tierra completed the workover program in El Chivil in the second quarter of 2011, which has helped stabilize production.

- ***Puesto Morales Blocks, Neuquén Basin***

  Gran Tierra has completed workovers on 10 of the planned 16 well workover program. G&G work is being done to optimize the location of the six planned development wells, which are expected to be drilled in the fourth quarter of 2011. The intention of the drilling program is to improve recovery in the remaining reserves, minimize water channeling, and subsequently growing production. Three water injector wells have been postponed into early 2012. Since taking over operations in March, production declines of the last several years have been halted and production has now improved to approximately 2,500 barrels of oil equivalent per day, net of royalties, comprised of approximately 1,670 barrels of oil per day and 4.8 million cubic feet of gas per day.

- ***Santa Victoria Block, Noroeste Basin (50% working interest and Operator)***

  We successfully farmed out a 50% interest in the Santa Victoria Block in the Noroeste Basin of northwestern Argentina to Apache Corporation ("Apache") in March 2011. The joint venture, with Gran Tierra as operator, is evaluating the gas potential of the acreage, with gas-condensate reserves and production proven in the region. Gran Tierra has agreed to proceed with Apache into the second exploration phase, which has a work commitment that will be fulfilled with one exploration well expected to be drilled before year-end 2012.

Outlook – Argentina

The 2011 capital program in Argentina is $50 million with $40 million allocated to drilling, $9 million to facilities and pipelines, and $1 million to G&G expenditures.

Gran Tierra's planned work program for 2011 includes one development well in Palmar Largo, development wells in Puesto Morales /Puesto Morales Este, workovers in El Vinalar and Puesto Morales/Puesto Morales Este, one development well in Surubi, facility construction, and geophysical work.

REVIEW OF OPERATIONS IN PERU

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Segmented Results of Operations - Peru (Thousands of U.S. Dollars)						
Interest	**$ 134**	$ -	-	**$ 134**	$ -	-
Operating expenses	**$ 108**	$ 59	83	**$ 172**	$ 95	81
Depletion, depreciation, accretion and impairment	**1,530**	3	-	**33,463**	11	-
General and administrative expenses	**1,000**	173	478	**1,565**	377	315
Foreign exchange (gain) loss	**(133)**	7	-	**(70)**	8	-
	2,505	242	935	**35,130**	491	-
Segment loss before income taxes	**$ (2,371)**	$ (242)	880	**$ (34,996)**	$ (491)	-

Segmented Results of Operations – Peru

Due to the significance of losses before income taxes, Peru became a significant reportable segment in 2011. The comparative amounts for 2010 were disaggregated from the Corporate Segment for presentation purposes.

DD&A expense for the six months ended June 30, 2011, includes a $33.4 million ceiling test impairment related to seismic and dry hole drilling costs.

The increase in ***G&A expense*** for both comparative periods resulted from expanded operations and the allocation of stock-based compensation to this business segment.

Capital Program – Peru

Capital expenditures for the three months ended June 30, 2011 were $11.3 million bringing the total expenditures in the region for the first six months of 2011 to $25.6 million, mainly related to the drilling of Kanatari -1 on Block 128, G&G expenditures in Block 122 and the acquisition of working interests in Blocks 123, 124 and 129. Capital expenditures for the three months ended June 30, 2010, were $1.6 million ($2.1 million for the six months ended June 30, 2010), mainly related to the acquisition of seismic data and commencement of drilling of Kanatari -1 on Block 128. The significant elements of Gran Tierra's 2011 Capital Program in Peru are summarized below:

- ***Kanatari Prospect, Block 128 , Marañon Basin (100% working interest and Operator)***

The Kanatari-1 exploration well reached total depth on March 3, 2011. No oil or gas shows were noted during drilling and interpretations from wireline logs indicate the reservoirs are water bearing. As a result, Kanatari-1 was plugged and abandoned; however, evaluation of the prospectivity of the block continues.

- ***Block 122, Marañon Basin (100% working interest and Operator)***

The prospectivity of Block 122 is under review as a result of the Kanatari-1 drilling result on the adjacent Block 128. No well will be drilled on the block in 2011 as currently permitted drilling locations are not prospective.

- ***Blocks 123, 124 and 129, Marañon Basin (20% non-operated working interest)***

In September 2010, Gran Tierra acquired a 20% non-operated working interest in ConocoPhillips operated Blocks 123, 124 and 129, subject to government approval. The approval for these blocks was granted on March 19, 2011 with final assignment completed April 26, 2011. Gran Tierra Energy is evaluating the prospectivity of these blocks based on recently acquired 2D seismic data.

Outlook - Peru

The 2011 capital program in Peru is $51 million with $21 million allocated to drilling, facilities and pipelines and $30 million to G&G expenditures.

Gran Tierra acquired three blocks on the Petrolifera acquisition: Blocks 106, 107 and 133. Prior to close of the acquisition, Petrolifera, in consultation with Gran Tierra, notified PeruPetro of the intention not to proceed to the next exploration phase in Block 106. Accordingly, the license agreement was terminated in April 2011.

Permitting for drilling on Block 107 in the Marañon Basin is advancing, with drilling expected to begin in the second half of 2012. The prospects on Block 107 are on trend with the world class gas-condensate discoveries that have been made around the Camisea region in southern Peru. Both oil and gas seeps are present on Block 107.

A drilling site location has been identified for the first exploration well on Block 95, in the Marañon Basin, with civil construction expected to begin in the third quarter of 2011. Drilling is expected to begin in second quarter of 2012. An oil field has already been discovered on Block 95, with the discovery well drilled in 1974 flowing 807 barrels of oil per day naturally without pumps. The new exploration well will further delineate this field and will explore deeper reservoir horizons not penetrated by the discovery well.

REVIEW OF CORPORATE SEGMENT AND OPERATIONS IN BRAZIL

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Segmented Results of Operations - Corporate (Thousands of U.S. Dollars)						
Oil and natural gas sales	**$ 334**	$ -	-	**$ 334**	$ -	-
Interest	**136**	252	(46)	**272**	337	(19)
	470	252	87	**606**	337	80
Operating expenses	**66**	69	(4)	**66**	87	(24)
Depletion, depreciation and accretion	**321**	93	245	**562**	155	263
General and administrative expenses	**7,205**	4,809	50	**16,047**	8,003	101
Financial instruments gain	**(1,292)**	-	-	**(1,522)**	(44)	-
Loss (gain) on acquisition	**2,601**	-	-	**(21,699)**	-	-
Foreign exchange loss	**268**	795	66	**273**	375	27
	9,169	5,766	59	**(6,273)**	8,576	(173)
Segment income (loss) before income taxes	**$ (8,699)**	$ (5,514)	58	**$ 6,879**	$ (8,239)	(183)

Segmented Results of Operations – Corporate and Brazil

In addition to the expenditures associated with the maintenance of Gran Tierra's headquarters in Calgary, Alberta, Canada, and cost of technical review, business development and compliance and reporting under securities regulations, the results of the Corporate Segment include the results of our initial operations in Brazil.

Oil and natural gas sales represent sales from Block 155 in the onshore Reconcavo Basin of Brazil subsequent to the receipt of the regulatory approval for the purchase of a 70% participating interest in that Block effective June 15, 2011.

The increase in ***G&A expenses*** between both comparative periods in the prior year was attributable to increased staff to manage expanded operations in all countries as well as the related higher stock-based compensation and $1.2 million incurred related to the acquisition of Petrolifera.

Financial instruments gain represents the change in the fair value of warrants issued in connection with the acquisition of Petrolifera.

The ***gain on acquisition*** relates to the gain recorded on the acquisition of Petrolifera (Note 3 to the condensed consolidated financial statements). The gain reflects the impact on Petrolifera's pre-acquisition market value resulting from their lack of liquidity and capital resources required to maintain current production and reserves and further develop and explore their inventory of prospects. Subsequent to the initial allocation of the consideration reported in the first quarter of 2011, further assessment of Petrolifera's tax position resulted in a reduction of the gain on acquisition to $21.7 million from $24.3 million previously reported.

The ***foreign exchange loss*** results from the translation of foreign currency denominated transactions to U.S. dollars.

Capital Program – Corporate and Brazil

The capital expenditures for the Corporate Segment of $28.8 million and $29.8 million during the three and six month periods ended June 30, 2011, respectively, related primarily to the acquisition of a 70% participating working interest in Blocks 129, 142, 155 and 224 in the onshore Reconcavo Basin of Brazil. Expenditures in the comparative periods of 2010 of $0.5 million and $1.3 million, respectively, related to leasehold improvements and purchase of office furniture and equipment for Gran Tierra's headquarters in Calgary and Brazil. The significant elements of Gran Tierra's 2011 Capital Program in Brazil are summarized below:

- ***Blocks 129, 142, 155, and 224 (70% working interest and Operator)***

In August 2010, Gran Tierra established an initial exploration and production position in Brazil, subject to approval by Agência Nacional de Petróleo Gás Natural e Biocombustíveis ("ANP"), whereby Gran Tierra will receive a 70% working interest in four blocks in the onshore Recôncavo Basin. In June 2011, Gran Tierra received final approvals for Blocks 129, 142 and 224 and 155 and assumed its working interest share of a light oil discovery.

Outlook - Brazil

The 2011 capital program in Brazil is $62 million and includes $23 million budgeted for drilling and completions and the remainder for facilities, geophysical and acquisition costs of Gran Tierra's 70% working interest in the four blocks described above.

Gran Tierra expects to drill two gross development wells in 2011 to grow production from the Block 155, which is currently producing 500 barrels of oil per day gross from one zone without the assistance of pumps.

In addition, two exploration wells are planned for 2011, one well on Block 129 and one well on Block 142. Drilling rigs are currently being tendered and locations are being permitted. The first exploration well is expected to spud on Block 142 at the end of third quarter of 2011.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2011, we had cash and cash equivalents of $211.4 million compared to $355.4 million at December 31, 2010. The bank debt of $31.3 million reflected in the condensed consolidated balance sheet as at June 30, 2011, represents the reserve backed credit facility acquired as part of the Petrolifera acquisition as described below. The outstanding balance was repaid when the Argentine restriction preventing its repayment expired on August 5, 2011. We are debt free at that time. We believe that our cash position and cash generated from operations will provide us with sufficient liquidity to meet our strategic objectives and fund the debt repayment and our planned capital program for at least the next 12 months. In accordance with our investment policy, cash balances are invested only in high quality bank paper at overnight or short term rates, and in United States or Canadian government backed federal, provincial or state securities with the highest credit ratings and short term liquidity.

Effective July 30, 2010, Gran Tierra established a credit facility with BNP Paribas for a three year term which may be extended or amended by agreement between the parties. This reserve based facility has a maximum borrowing base of up to $100 million and is supported by the present value of our Colombian petroleum reserves. The initial committed borrowing base is $20 million. Amounts drawn down under the facility bear interest at the U.S. dollar LIBOR rate plus 3.5%. In addition, a stand-by fee of 1.50% per annum is charged on the unutilized balance of the committed borrowing base and is included in general and administrative expenses. Under the terms of the facility, we are required to maintain and were in compliance with certain financial and operating covenants. As at June 30, 2011, we had not drawn down any amounts under this facility.

As part of the acquisition of Petrolifera on March 18, 2011, we assumed a $100.0 million reserve backed credit facility with available and outstanding balance as at the Acquisition Date and June 30, 2011 of $31.1 million. This credit facility agreement with a syndicate of banks expires on June 30, 2012. The credit facility bears interest at LIBOR plus 8.25%, is partially secured by the pledge of the shares of Petrolifera's subsidiaries and has a provision for a borrowing base adjustment every six months. Under the terms of the facility, we are required to maintain and were in compliance with certain financial and operating covenants. We have classified this credit facility as current at June 30, 2011 and repaid the credit facility on August 5, 2011. A regulation of the Argentine Central Bank established that "new indebtedness and renewals of debts with foreign creditors engaged by local residents shall be kept for a minimum of 365 days". Petrolifera entered into an amendment of this credit facility on August 4, 2010, which then renewed and restructured the existing debt. As a result, the principal debt that was loaned into Argentina could not be repaid and retired until August 2011.

Cash Flows

During the six months ended June 30, 2011, our cash and cash equivalents decreased by $144.1 million as net cash provided by operating activities was more than offset by our capital expenditures.

Net cash provided by operating activities was positively affected by increasing productions levels and improved crude oil prices. These positive contributions were partially offset by increased operating and G&A expenses to support the expanded operations and a significant increase in accounts receivable which was mainly attributable to the timing of payments from Ecopetrol.

Cash outflows from investing activities included cash capital expenditures of $179.2 million and an increase in restricted cash of $8.1 million offset by proceeds on sale of ABCP of $22.7 million and $7.7 million cash acquired through the Petrolifera acquisition.

Financing activities included the repayment of $22.9 million of debt acquired through the Petrolifera acquisition, offset partially by $2.5 million related to proceeds from issuance of common shares.

During the six months ended June 30, 2010, our cash and cash equivalents increased $22.4 million as cash inflows from operations of $53.0 million and proceeds from issuance of common shares of $18.5 million more than offset cash outflows for capital expenditures of $50.9 million. Net cash provided by operating activities was positively affected by the increases in crude oil production and prices, offset by higher receivables related to oil sales.

OFF-BALANCE SHEET ARRANGEMENTS

As at June 30, 2011, we had no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

Gran Tierra holds four categories of operating leases, namely compressor office, vehicle and equipment and housing. Future lease payments and other contractual obligations at June 30, 2011 are as follows:

	As at June 30, 2011				
	Payments Due in Period				
Contractual Obligations	**Total**	**Less than 1 Year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
(Thousands of U.S. Dollars)					
Operating leases	**$ 10,703**	$ 5,584	$ 4,311	$ 808	$ -
Bank debt	**31,250**	31,250	-	-	-
Software and telecommunication	**3,072**	1,858	1,032	182	-
Drilling, completion, facility construction and oil transportation services	**103,543**	71,853	22,069	9,621	-
Consulting	**806**	806	-	-	-
Total	**$ 149,374**	**$ 111,351**	**$ 27,412**	**$ 10,611**	**$ -**

Contractual commitments have increased $70.7 million from December 31, 2010 mainly as a result of bank debt and compressor and other operating equipment leases assumed upon the acquisition of Petrolifera as previously discussed.

RELATED PARTY TRANSACTIONS

On February 1, 2009, we entered into a sublease for office space with a company, of which one of Gran Tierra's directors is a shareholder and director. The term of the sublease runs from February 1, 2009 to August 31, 2011 and the sublease payment is $8,800 per month plus approximately $4,500 for operating and other expenses. The terms of the sublease were consistent with market conditions in the Calgary, Alberta, Canada real estate market.

On August 3, 2010, we entered into a contract related to the Peru drilling program with a company of which one of our directors is a shareholder and director. For the six months ended June 30, 2011, $2.2 million was capitalized and at June 30, 2011, $0.1 million was included in accounts payable related to this contract, the terms of which are consistent with market conditions.

On January 12, 2011, we entered into an agreement to sublease office space to a company of which our President and Chief Executive Officer serves as an independent director. The term of the sublease runs from February 1, 2011 to January 30, 2013 and, at $4,400 per month plus approximately $5,700 for operating and other expenses, the terms are consistent with market conditions in the Calgary, Alberta, Canada real estate market.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements under generally accepted accounting principles ("GAAP") in the United States requires management to make estimates, judgments 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.

The critical accounting policies used by management in the preparation of our consolidated financial statements are those that are important both to the presentation of our financial condition and results of operations and require significant judgments by management with regards to estimates used. We believe that the assumptions, judgments and estimates involved in the accounting for oil and gas accounting and reserves determination, establishment of fair values of assets and liabilities acquired as part of acquisitions, impairment, asset retirement obligations, goodwill impairment, deferred income taxes, share-based payment arrangements, and warrants have the greatest potential impact on our consolidated financial statements. These areas are key components of our results of operations and are based on complex rules which require us to make judgments and estimates, so we consider these to be our critical accounting estimates.

Actual results could differ from these estimates, however, historically, our assumptions, judgments and estimates relative to our critical accounting estimates have not differed materially from actual results.

On a regular basis we evaluate our assumptions, judgments and estimates. We also discuss our critical accounting policies and estimates with the Audit Committee of the Board of Directors. Our critical accounting policies and estimates are disclosed in Item 7 of our 2010 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 25, 2011, and have not changed materially since the filing of that document.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal market risk relates to oil prices. Essentially 100% of our revenues are from oil sales at prices which are defined by contract relative to WTI 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.

We consider our exposure to interest rate risk to be immaterial. Interest rate exposures relate primarily to our investment portfolio as the $31.3 million debt under our reserve backed credit facility, which is based on LIBOR plus 8.25 %, was repaid on August 5, 2011 when the Argentine restrictions preventing us from doing so lapsed. 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 issues at overnight rates, or government securities of the United States or Canadian federal governments such as Guaranteed Investment Certificates or Treasury Bills. 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 100% of our revenues in U.S. dollars. The majority of our capital expenditures in Colombia are in U.S. dollars and the majority of local office costs are in local currency. 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. The majority of our capital expenditures in Brazil and Peru are in U.S. dollars and the majority of local office costs are in the local currencies. While we operate in South America exclusively, the majority of our acquisition expenditures have been valued and paid in U.S. dollars.

Additionally, foreign exchange gains/losses result from the fluctuation of the U.S. dollar to the Colombian peso due to our deferred tax liability, a monetary liability, which is mainly denominated in the local currency of the Colombian foreign operations. As a result, a foreign exchange gain/loss must be calculated on conversion to the U.S. dollar functional currency. A strengthening in the Colombian peso against the U.S. dollar results in foreign exchange losses, estimated at $110,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar.

ITEM 4. - CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or Exchange Act). Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report, as required by Rule l3a-15(e) of the Exchange Act. Based on their evaluation, our principal executive and principal financial officers have concluded that Gran Tierra's disclosure controls and procedures were effective as of June 30, 2011 to provide reasonable assurance that the information required to be disclosed by Gran Tierra in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We acquired Petrolifera Petroleum Limited on March 18, 2011 and are currently in the process of integrating it into our existing internal controls and procedures. There were no changes in our internal control over financial reporting during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

The risks relating to our business and industry, as set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed with the Securities and Exchange Commission on February 25, 2011, are set forth below and are unchanged substantively at June 30, 2011, other than those designated by an asterisk "*".

Risks Related to Our Business

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

Our business focuses on the oil and gas industry in a limited number of properties in Colombia, Argentina, Peru, and Brazil. Most of our production in Colombia and Argentina is limited to one basin per country. As a result, we lack diversification, in terms of both the nature and geographic scope of our business. Accordingly, factors affecting our industry or the regions in which we operate, including the geographic remoteness of our operations and weather conditions, will likely impact us more acutely than if our business was more diversified.

****We May Encounter Difficulties Storing and Transporting Our Production, Which Could Cause a Decrease in Our Production or an Increase in Our Expenses.***

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 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 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.

The majority of our oil in Colombia is delivered by a single pipeline to Ecopetrol and sales of oil could be disrupted by damage to this pipeline or displaced by Ecopetrol's use of the pipeline itself. Once delivered to Ecopetrol, all of our current oil production in Colombia is transported by an export pipeline which provides the only access to markets for our oil. Problems with these pipelines can cause interruptions to our producing activities if they are for a long enough duration that our storage facilities become full. For example, we experienced disruptions in transportation on this pipeline in March and April of 2008, again in each of June, July and August of 2009, again in June, August, and September 2010, and again in February 2011 as a result of sabotage by guerrillas. In addition, there is competition for space in these pipelines, and additional discoveries in our area of operations by other companies could decrease the pipeline capacity available to us. Trucking is an alternative to transportation by pipeline; however it is generally more expensive and carries higher safety risks for us, our employees and the public.

As some of our current oil production in Argentina is trucked to a local refinery, sales of oil can be delayed by adverse weather and road conditions, particularly during the months November through February when the area is subject to periods of heavy rain and flooding. While storage facilities are designed to accommodate ordinary disruptions without curtailing production, delayed sales will delay revenues and may adversely impact our working capital position in Argentina. 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.

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

Over the years, our profile in Columbia has increased which creates a greater risk for us and our employees to be targeted by guerilla or other criminal groups. Despite significant recent security gains, Colombia remains a country where safety is a significant concern. For over 40 years, the government has been engaged in a civil war with two main Marxist guerrilla groups: the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). Both of these groups have been designated as terrorist organizations by the United States and the European Union. In recent years, however, the government has successfully dissolved the AUC militia, a paramilitary group that originally sprouted up to combat the FARC and ELN. The dissolved AUC militia members have reorganized in the form of criminal gangs.

We operate principally in the Putumayo basin in Colombia, and have properties in other basins, including the Catatumbo, Llanos, Middle Magdalena and Lower Magdalena basins. The Putumayo and Catatumbo regions have been prone to guerilla activity. In 1989, our predecessor company's facilities in one field were attacked by guerillas and operations were briefly disrupted. Again on 16 October 2010, two of our sites in the Putumayo/Cauca were attacked by FARC guerillas causing some disruption to operations. Pipelines have also been targets, including the Ecopetrol - operated Trans Andean (OTA) export pipeline which transports oil from the Putumayo region. In March and April of 2008, again in each of June, July, August and October of 2009, again in June, August, and September 2010, and again in February 2011, sections of the Trans Andean pipeline were sabotaged by guerillas, which temporarily reduced our deliveries to Ecopetrol during the affected periods.

Continuing attempts by the Colombian Government to reduce or prevent guerilla activity may not be successful and guerilla activity may disrupt our operations in the future. There can also be no assurance that we can maintain the safety of our field and Bogota head office personnel or operations in Colombia or that this violence will not affect our operations in the future and cause significant loss.

We Have an Aggressive Business Plan, and if we do not Have the Resources to Execute on our Business Plan, We May Be Required to Curtail Our Operations.

Our capital program for 2011 calls for approximately $357 million to fund our exploration and development, which we intend to fund through existing cash and cash flows from operations. Funding this program relies in part on oil prices remaining high and other factors to generate sufficient cash flow. If we are not able to generate the sales which, together with our current cash resources, are sufficient to fund our capital program, we will not be able to efficiently execute our business plan which would cause us to decrease our exploration and development, which could harm our business outlook, investor confidence and our share price.

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 executive team and other personnel in conducting our business. The loss of any of these individuals or our inability to attract suitably qualified individuals to replace any of them could materially adversely impact our business. We are experiencing difficulties in finding and retaining suitably qualified staff in certain jurisdictions, particularly in Brazil, Argentina, Peru and Calgary, where experienced personnel in our industry are in high demand and competition for their talents is intense.

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 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 us and we may not be able to find replacement personnel with comparable skills. If we are unable to attract and retain key personnel, our business may be adversely affected.

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

Oil sales in Colombia are mainly to Ecopetrol. While oil prices in Colombia are related to international market prices, lack of competition and reliance on a limited number of customers for sales of oil may diminish prices and depress 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 four customers. The lack of competition in this market could result in unfavorable sales terms which, in turn, could adversely affect our financial results. Currently all operators in Argentina are operating without long term sales contracts. We cannot provide any certainty as to when the situation will be resolved or what the final outcome will be.

Strategic and Business 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 partners and to consummate transactions in a highly competitive environment. These relationships are subject to change and may impair our ability to grow.

To develop our business, we endeavor to use the business relationships of our management and board of directors to enter into strategic and business 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 also have an active business development program to develop those relationships. We may not be able to establish these business relationships, or if established, we may choose the wrong partner or 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 take to fulfill our obligations to these partners or maintain our relationships. If we fail to make the cash calls required by our joint venture partners in the joint ventures we do not operate, we may be required to forfeit our interests in these joint ventures. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

In addition, in cases where we are the operator, our partners may not be able to fulfill their obligations, which would require us to either take on their obligations in addition to our own, or possibly forfeit our rights to the area involved in the joint venture. In addition, despite our partner’s failure to fulfill its obligations, if we elect to terminate such relationship, we may be involved in litigation with such partners or may be required to pay amounts in settlement to avoid litigation despite such partner’s failure to perform. Alternatively, our partners may be able to fulfill their obligations, but will not agree with our proposals as operator of the property. In this case there could be disagreements between joint venture partners that could be costly in terms of dollars, time, deterioration of the partner relationship, and/or our reputation as a reputable operator. These joint venture partners may not comply with their responsibilities or may engage in conduct that could result in liability to us.

In cases where we are not the operator of the joint venture, the success of the projects held under these joint ventures is substantially dependent on our joint venture partners. The operator is responsible for day-to-day operations, safety, environmental compliance and relationships with government and vendors.

We have various work obligations on our blocks that must be fulfilled or we could face penalties, or lose our rights to those blocks if we do not fulfill our work obligations. Failure to fulfill obligations in one block can also have implications on the ability to operate other blocks in the country ranging from delays in government process and procedure to loss of rights in other blocks or in the country as a whole. Failure to meet obligations in one particular country may also have an impact on our ability to operate in others.

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 operate our business in Colombia, Argentina, Peru, and Brazil, and may eventually expand to other countries in the world. Exploration and production operations in foreign countries are subject to legal, political and economic uncertainties, including terrorism, military repression, social unrest, strikes by local or national labor groups, interference with private contract rights (such as privatization), extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls, changes in tax rates, changes in 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. For example, starting on November 21, 2008, we were forced to reduce production in Colombia on a gradual basis, culminating on December 11, 2008 when we suspended all production from the Santana, Guayuyaco and Chaza blocks in the Putumayo Basin. This temporary suspension of production operations was the result of a declaration of a state of emergency and force majeure by Ecopetrol due to a general strike in the region. In January 2009, the situation was resolved and we were able to resume production and sales shipments. Starting in 2010, there was an increased presence of illegitimate unionization activities in the Putumayo Basin by the *Sindicato de Trabajadores Petroleros del Putumayo*, which disrupted our operations from time to time and may do so in the future. During 2011, Argentina has experienced increased union activity and this may create disruptions in our Argentinian operations in the future.

South America has 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, including the imposition of additional taxes. 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 Brazil 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, and 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. 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.

Disputes or Uncertainties May Arise in Relation to our Royalty Obligations

Our production is subject to royalty obligations which may be prescribed by government regulation or by contract. These royalty obligations may be subject to changes in interpretation as business circumstances change.

In accordance with our Hydrocarbon Exploration and Exploitation Agreement with Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) (“ANH”) for the Chaza Block in Colombia our crude oil production from each Exploitation Area on the Block is subject to the payment of additional compensation to the ANH over and above the basic sliding scale royalty that applies when cumulative gross production from an Exploitation Area exceeds five million barrels. Production from the Costayaco Exploitation Area on the Chaza Block became subject to this additional compensation in the fourth quarter of 2009 after cumulative production from the Costayaco field exceeded five million barrels.

The ANH has requested that the additional compensation be paid with respect to production from the recently drilled wells relating to the Moqueta discovery and has initiated a non-compliance procedure under the Chaza Contract. The Moqueta discovery is not located in the Costayaco Exploitation Area. Further, we view the Costayaco field and the Moqueta discovery as two clearly separate and independent hydrocarbon accumulations. Therefore, it is our view that it is clear that pursuant to the Chaza Contract the additional compensation payments are only to be paid with respect to production from the Moqueta wells when the accumulated crude oil production from any new Exploitation Area created with respect to the Moqueta discovery exceeds five million barrels. At the end of the first quarter of 2011, cumulative production from the Moqueta field consists of a small amount of test production only. We will respond to the ANH in accordance with the provisions of the Chaza Contract. However, no assurance can be made that our interpretation will prevail and depending on the ultimate size of the cumulative production from the Moqueta field in the future, such amounts may be material if such additional compensation must be paid.

In Brazil, a new regulatory regime was introduced, however, the royalty distribution between producing states has not been approved.

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 in Argentina is primarily invoiced in United States dollars, but payment is made in Argentine 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 functional currency. Since we began operating in Argentina (September 1, 2005), the rate of exchange between the Argentine peso and U.S. dollar has varied between 3.05 pesos to one U.S. dollar to 4.35 pesos to the U.S. dollar, a fluctuation of approximately 43%. Exchange rates between the Colombian peso and U.S. dollar have varied between 2,632 pesos to one U.S. dollar to 1,648 pesos to one U.S. dollar since September 1, 2005, a fluctuation of approximately 60%.

In addition, a foreign exchange loss of $19.1 million, of which $16.1 million is an unrealized non-cash foreign exchange loss, was recorded for the six months ended June 30, 2011 and was primarily due to the translation of a deferred tax liability recorded on the purchase of Solana. The deferred tax liability is denominated in Colombian pesos and the devaluation of 7% in the U.S. dollar against the Colombian Peso in the 6 month period ended June 30, 2011 resulted in the foreign exchange loss.

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. The Central Bank may require prior authorization and may or may not grant such authorization for our Argentine subsidiaries to make dividend payments to us and there may be a tax imposed with respect to the expatriation of the proceeds from our foreign subsidiaries.

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. 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. 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.

Maintaining Good Community Relationships and Being a Good Corporate Citizen may be Costly and Difficult to Manage.

Our operations have a significant effect on the areas in which we operate. To enjoy the confidence of local populations and the local governments, we must invest in the communities where were operate. In many cases, these communities are impoverished and lack many resources taken for granted in North America. The opportunities for investment are large, many and varied; however, we must be careful to invest carefully in projects that will truly benefit these areas. Improper management of these investments and relationships could lead to a delay in operations, loss of license or major impact to our reputation in these communities, which could adversely affect our business.

****Our 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.

Further, we operate in remote areas and may rely on helicopter or other transport methods. Some of these transport methods may result in increased levels of risk and could lead to operational delays, serious injury or loss of life and have a significant impact on our reputation.

****Negative Political and Regulatory Developments in Argentina May Negatively Affect our Operations.***

The crude oil and natural gas industry in Argentina is subject to extensive regulation including land tenure, exploration, development, production, refining, transportation, and marketing, imposed by legislation enacted by various levels of government and, with respect to pricing and taxation of crude oil and natural gas, by agreements among the federal and provincial governments, all of which are subject to change and could have a material impact on our business in Argentina. The Federal Government of Argentina has implemented controls for domestic fuel prices and has placed a tax on crude oil and natural gas exports.

In October 2010, ENARGAS issued Regulation I-1410 aiming at securing the supply of natural gas to residential consumers and small industry given the decline in gas production and the expected growing demand for gas. The regulation includes all the procedures created by the authorities since 2004 (restrictions of exports, deviation of gas sales, to residential consumption) and gives ENARGAS power to control gas marketing in order to assure the supply of gas to residential consumers and small industry.

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.

Currently most oil and gas producers in Argentina are operating without sales contracts. In 2008, a new withholding tax regime for exports was introduced without specific guidance as to its application. The domestic price was regulated in a similar way, so that both exported and domestically sold products were priced the same. Producers and refiners of oil in Argentina were unable to determine an agreed sales price for oil deliveries to refineries. In our case, the refineries' price offered to oil producers reflects their price received, less taxes and operating costs and their usual mark up. Along with most other oil producers in Argentina, we are continuing negotiating sales on a spot price basis with one refiner, Refineria del Norte S.A, and the price is negotiated on a month by month basis. As a result of our acquisition of Petrolifera, we are now also selling our crude oil through short term contracts to Shell Compania Argentina de Petroleo S.A. and YPF S.A. and natural gas to Rafael G. Albenesi S.A. The Provincial Governments have also been hurt by these changes as their effective royalty take has been reduced and capital investment in oilfields has declined, and so they are lobbying to change the situation. We are working with other oil and gas producers in the area, as well as Refineria del Norte S.A., to lobby the federal government for change. The government introduced the Petro Plus and Gas Plus programs in 2009, which grant higher prices to producers that sell production from new reserves. This is a positive step forward that will hopefully lead to further opening of price regulation in Argentina.

A presidential election is scheduled to be held in Argentina during October 2011 and a newly resulting political regime may adopt new policies, laws and regulations that are more hostile towards foreign investment which may result in the imposition of additional taxes, the adoption of regulation that limits price increases, termination of contract rights, or the expropriation of foreign-owned assets.

****Negative Political Developments in Peru May Negatively Affect our Proposed Operations.***

Peru held a national election in June 2011 after which a new political regime was elected, led by the left-populist candidate, Ollante Humala, who was elected the president. Mr. Humala has noted that the past decade prioritized the strengthening of democracy with economic growth, while the new government will enhance social inclusion to benefit the neediest. This newly elected political regime may adopt new policies, laws and regulations that are more hostile toward foreign investment which may result in the imposition of additional taxes, the adoption of regulations that limit price increases, termination of contract rights, or the expropriation of foreign-owned assets. While we do not have any reserves or any producing wells in Peru at this point, we do hold significant land holdings in Peru and such actions by the newly elected political regime could limit the amount of our future revenue in that country 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 eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review by the President of the United States. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the President that Colombia has failed demonstrably to meet its obligations under international counternarcotics agreements 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 .

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 ANH and Ecopetrol 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 Colombian 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. The United States may impose sanctions on Colombia in the future, and we cannot predict the effect in Colombia that these sanctions might cause.

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 existing cash resources will be sufficient to fund our currently planned activities. We may require additional capital to expand our exploration and development programs to additional properties. We may be unable to obtain additional capital required.

When we require additional capital we plan to pursue sources of 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, future financings may be dilutive to our shareholders, as we could issue additional shares of common stock or other equity to investors. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. 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 results.

Our ability to obtain needed financing may be impaired by factors such as the capital markets (both generally and in the oil and gas industry in particular), the location of our oil and natural gas properties in South America, 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 cash flow from operations, is not sufficient to satisfy our capital needs (even to the extent that we reduce our activities), we may be required to curtail our operations.

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

Our strategy envisions continually expanding our business, both organically and through acquisition of other properties and companies. If we fail to effectively manage our growth or integrate successfully our acquisitions, our financial results could be adversely affected. Growth may place a strain on our management systems and resources. In particular, on March 18, 2011, we acquired Petrolifera (through a plan of arrangement), a company with substantial assets featuring both high working interest and operatorship in three of the four South American countries in which we operate. For the acquisition to be successful, we must be successful at retaining key employees, integrating Petrolifera's operations and developing Petrolifera's reserves. Such integration efforts place a significant burden on our management and internal resources. The diversion of management attention and any difficulties encountered in the integration process could harm our business, financial condition and results of operations. In addition, 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 or acquired employees. We may not 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 inefficiencies, which could diminish our profitability.

Risks Related to Our Industry

Unless We are Able to Replace Our Reserves, and Develop Oil and Gas Reserves on an Economically Viable Basis, Our Reserves, Production and Cash Flows May Decline as a Result.

Our future success depends on our ability to find, develop and acquire additional oil and gas reserves that are economically recoverable. Without successful exploration, development or acquisition activities, our reserves and production will decline. We may not be able to find, develop or acquire additional reserves at acceptable costs.

To the extent that we succeed in discovering oil and/or natural gas, reserves may not be capable of production levels we project or in sufficient quantities to be commercially viable. On a long-term basis, our 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 technical conditions. While we will endeavor to effectively manage these conditions, we may not be able to do 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.

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 exploring and drilling for and development of oil and natural gas, including seismic permits. We may not be able to obtain, sustain or renew such licenses and permits on a timely basis or at all. Regulations and policies relating to these licenses and permits may change, be implemented in a way that we do not currently anticipate or take significantly greater time to obtain. 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.

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 exploration expenditures 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.

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

We make estimates of oil and natural gas reserves, upon which we will base our financial projections. We 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.

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 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.

****If Oil and Natural Gas Prices Decrease, We May be Required to Take Write-Downs of the Carrying Value of Our Oil and Natural Gas Properties.***

We follow the full cost method of accounting for our oil and gas properties. A separate cost center is maintained for expenditures applicable to each country in which we conduct exploration and/or production activities. Under this method, the net book value of properties on a country-by-country basis, less related deferred income taxes, may not exceed a calculated "ceiling". The ceiling is the estimated after tax future net revenues from proved oil and gas properties, discounted at 10% per year. In calculating discounted future net revenues, oil and natural gas prices are determined using the average price during the 12 months period prior to the ending date of the period covered by the balance sheet, calculated as an unweighted arithmetic average of the first-day-of-the month price for each month within such period for that oil and natural gas. That average price is then held constant, except for changes which are fixed and determinable by existing contracts. The net book value is compared to the ceiling on a quarterly basis. The excess, if any, of the net book value above the ceiling is required to be written off as an expense. Under full cost accounting rules, any write-off recorded may not be reversed even if higher oil and natural gas prices increase the ceiling applicable to future periods. Future price decreases could result in reductions in the carrying value of such assets and an equivalent charge to earnings. In 2010, we recorded a ceiling test impairment loss of $23.6 million in our Argentina cost center. In counties where we do not have proved reserves, dry wells drilled in a period would directly result in a ceiling test impairment for that period. In the six months ended June 30, 2011, we recorded a ceiling test impairment loss of $33.4 million in our Peru cost center related to our exploration projects.

****Drilling New Wells and Producing Oil and Natural Gas from Existing Facilities 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. Earthquakes or weather related phenomena such as heavy rain, landslides, storms and hurricanes can also cause problems in drilling new wells. There are also risks in producing oil and natural gas from existing facilities. For example, the Valle Morado GTE.St.VMor-2001 re-entry operations started in the third quarter of 2010, with integrity testing and remediation operations required for the sidetrack operations. Due to operational difficulties, the initial side-track attempt was not successful. The operation was placed on standby pending the arrival of additional side-track equipment and operations recommenced in fourth quarter of 2010. In February 2011, these operations were suspended and the wellbore has been abandoned due to a number of operational challenges encountered. We continue to review alternatives associated with the field development. Also for example, on February 7, 2009 we experienced an incident at our Juanambu 1 well, involving a fire in a generator, resulting in total damage to equipment estimated at $500,000, and production in the amount of approximately $125,000 being deferred due to shutting down production facilities while dealing with the incident. 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. Incidents such as these can lead to serious injury, property damage and even loss of life. We generally 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.

Our Inability to Obtain Necessary Facilities and/or Equipment 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 or equipment 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 or equipment 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.

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 require a reserve account for these potential costs in respect of our current properties and facilities at this time, and have booked such reserve on our financial statements. 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 decommissioning costs could impair our ability to focus capital investment in other areas of our business.

****Prices and Markets for Oil and Natural Gas Are Unpredictable and Tend to Fluctuate Significantly, Which Could Reduce Our Profitability, Growth and Value.***

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 WTI per barrel was $66 in 2006, $72 in 2007, $100 in 2008, $62 in 2009, $79 in 2010 and $98 for the six months ended June 30, 2011 demonstrating the inherent volatility in the market. Given the current economic environment and unstable conditions in the Middle East, Libya and the United States, the oil price environment is increasingly unpredictable and unstable. We expect that prices will fluctuate in the future.

Price fluctuations will have a significant impact upon our revenue, the return from our oil and gas 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. 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 differentials. 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.

In addition, oil and natural gas prices in Argentina are effectively regulated and during 2009, 2010 and 2011 were substantially lower than those received in North America. Oil prices in Colombia are related to international market prices, but adjustments that are defined by contract with Ecopetrol, the purchaser of most of the oil that we produce in Colombia, may cause realized prices to be lower than those received in North America.

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.

Policies, Procedures and Systems to Safeguard Employee Health, Safety and Security May Not be Adequate.

Oil and natural gas exploration and production is dangerous. Detailed and specialized policies, procedures and systems are required to safeguard employee health, safety and security. We have undertaken to implement best practices for employee health, safety and security; however, if these policies, procedures and systems are not adequate, or employees do not receive adequate training, the consequences can be severe including serious injury or loss of life, which could impair our operations and cause us to incur significant legal liability.

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 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, blowouts, property damage, personal injury or other hazards. Although we have 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.

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.

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 but not limited to:

- 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 acquisitions of other companies or assets;
- announcements of new acquisitions, reserve discoveries or other business initiatives by our competitors;
- fluctuations in revenue from our oil and natural gas business;
- changes in the market and/or WTI price 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.

In addition, the market price of our common stock could be subject to wide fluctuations in response to various factors, which could include the following, among others:

● 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 us, 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 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 operations and financial condition.

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 shareholders 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On 8 separate dates beginning on April 1, 2011 and ending on June 30, 2011, we issued an aggregate of 525,817 shares of our common stock for an aggregate purchase price of $552,108. These shares were issued to 10 holders of warrants to purchase shares of our common stock upon exercise of the warrants. The shares were issued to these holders in reliance on Section 4(2) under the Securities Act, in that they were issued to the original purchasers of the warrants, who had represented to us in the private placement of the warrants that they were accredited investors as defined in Regulation D under the Securities Act.

ITEM 5. OTHER INFORMATION

The Board of Directors of Gran Tierra Energy Inc. amended the Gran Tierra Energy Inc. 2007 Equity Incentive Plan to provide that in the event of a "corporate transaction" the equity awards granted under the plan will vest in their entirety. Prior to the amendment to the plan, the equity awards would vest in the event of a "corporate transaction" only if the equity awards were not assumed, continued or substituted. The amendment is subject to Toronto Stock Exchange confirmation that stockholder approval is not required.

A "corporate transaction" is: a sale or other disposition of all or substantially all of Gran Tierra's assets; a sale or other disposition of at least 50% of the outstanding Gran Tierra securities; a merger, consolidation or similar transaction following which Gran Tierra is not the surviving corporation; or a merger, consolidation or similar transaction following which Gran Tierra is the surviving corporation but the shares of common stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

ITEM 6. EXHIBITS

See Index to Exhibits at the end of this Report, which is incorporated by reference here. The Exhibits listed in the accompanying Index to Exhibits are filed as part of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GRAN TIERRA ENERGY INC.

Date: August 9, 2011	/s/ Dana Coffield
	By: Dana Coffield

Its: Chief Executive Officer

Date: August 9, 2011

/s/ Martin Eden

By: Martin Eden

Its: Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	**Description**	**Reference**
2.1	Arrangement Agreement, dated as of July 28, 2008, by and among Gran Tierra Energy Inc., Solana Resources Limited and Gran Tierra Exchangeco Inc.	Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (SEC File No. 001-34018), filed with the SEC on August 1, 2008.
2.2	Amendment No. 2 to Arrangement Agreement, which supersedes Amendment No. 1 thereto and includes the Plan of Arrangement, including appendices	Incorporated by reference to Exhibit 2.2 to the Registration Statement on Form S-3 (SEC File No. 333-153376), filed with the SEC on October 10, 2008.
2.3	Arrangement Agreement, dated January 17, 2011, by and between Gran Tierra Energy Inc. and Petrolifera Petroleum Limited.#	Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, filed with the SEC on January 21, 2011 (SEC File No. 001-34018).
3.1	Amended and Restated Articles of Incorporation.	Incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q/A (SEC File No. 001-34018), filed with the SEC on January 6, 2010.
3.2	Amended and Restated Bylaws of Gran Tierra Energy Inc.	Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 22, 2008 (SEC File No. 000-52594).
4.1	Reference is made to Exhibits 3.1 to 3.2.	
4.2	Form of Warrant issued to institutional and retail investors in connection with the private offering in June 2006.	Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 21, 2006 (SEC File No. 333-111656).
4.3	Details of the Goldstrike Special Voting Share.	Incorporated by reference to Exhibit 10.14 to the Annual Report on Form 10-KSB/A for the period ended December 31, 2005 and filed with the Securities and Exchange on April 21, 2006 (SEC File No. 333-111656).
4.4	Goldstrike Exchangeable Share Provisions.	Incorporated by reference to Exhibit 10.15 to the Annual Report on Form 10-KSB/A for the period ended December 31, 2005 and filed with the Securities and Exchange on April 21, 2006 (SEC File No. 333-111656).
4.5	Provisions Attaching to the GTE–Solana Exchangeable Shares.	Incorporated by reference to Annex E to the Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on October 14, 2008 (SEC File No. 001-34018).
4.6	Supplemental Warrant Indenture, dated as of March 18, 2011, among Gran Tierra Energy Inc., Petrolifera Petroleum Limited, and Computershare Trust Company of Canada.	Incorporated by reference to Exhibit 4.6 to the Quarterly Report on Form 10-Q (SEC File No. 001-34018), filed with the SEC on May 10, 2011.
10.1	Addendum No. 2, entered into between Gran Tierra Colombia Ltd. and Ecopetrol S.A. on December 30, 2010, amending the Agreement between those parties dated December 17, 2009 and accepted December 18, 2009, with respect to the sale of crude oil from the Chaza Block.	Filed herewith.
10.2	Addendum No. 2, entered into between Solana Petroleum Exploration Colombia Ltd. and Ecopetrol S.A. on June 30, 2011, amending the Agreement between those parties dated December 17, 2009 and accepted December 18, 2009, with respect to the sale of crude oil from the Chaza Block.	Filed herewith.
10.3	Contract, dated July 27, 2011, between Gran Tierra Colombia Ltd. and Ecopetrol S.A., for the Purchase and Sale of Crude Oil from the Chaza, Santana and Guayuyaco Blocks.	Filed herewith.
10.4	Contract, dated July 27, 2011, between Solana Petroleum Exploration Colombia Ltd. and Ecopetrol S.A., for the	Filed herewith.

	Purchase and Sale of Crude Oil from the Chaza, Santana and Guayuyaco Blocks.

31.1	Certification of Principal Executive Officer	Filed herewith.
31.2	Certification of Principal Financial Officer	Filed herewith.
32.1	Section 1350 Certifications.	Filed herewith.

101.INS* XBRL Instance Document
101.SCH* XBRL Taxonomy Extension Schema Document
101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Extension Definition Linkbase Document
101.LAB* XBRL Taxonomy Extension Label Linkbase Document
101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Gran Tierra undertakes to furnish supplemental copies of any of the omitted schedules upon request by the Securities and Exchange Commission.

* XBRL information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and is not subject to liability under those sections, is not part of any registration statement or prospectus to which it relates and is not incorporated or deemed to be incorporated by reference into any registration statement, prospectus or other document.

AMENDMENT NO.2 TO THE CONTRACT RESULTING FROM THE COMMERCIAL OFFER DATED DECEMBER 17, 2009 FOR THE PURCHASE OF CHAZA BLOCK OIL

PURPOSE: **BUY-SELL OF CHAZA BLOCK CRUDE OIL**

SELLER: **GRAN TIERRA ENERGY COLOMBIA, LTD.**

BUYER: **ECOPETROL S.A.**

VALUE: **UNDETERMINED**

The contracting parties: **ECOPETROL S.A.**, decentralized entity of national order, incorporated by means of Law 165 of 1948, with Tax ID No. 899-999-068-1, organized as a Mixed Economy Company according to the dispositions of article No. 2 of Law 1118 of 2006, linked/related to the Ministry of Mines and Energy, with domicile in Bogota D.C., hereinafter referred in this Amendment as THE BUYER, represented by **CLAUDIA L. CASTELLANOS R**, of age and domiciled in this city, identified with citizenship card No. 63.314.635 issued in Bucaramanga, who in capacity of **VICE-PRESIDENT OF SUPPLY AND MARKETING** and with authorization contained in the Delegation Manual, acts on behalf of this Company, and on the other hand, **GRAN TIERRA ENERGY COLOMBIA, LTD.**, with Tax ID No. 860.516.431-7, hereinafter THE SELLER represented by **ALEJANDRA ESCOBAR HERRERA**, identified with citizenship card No. 52.646.943 who acts in her capacity as Legal Representative and is duly authorized to execute this Amendment as recorded in the attached incorporation and representation certificate, who states that neither she nor the company she represents are disqualified on grounds of disability or any inconsistency according to the Constitution or the law, that might prevent them from entering into this Amendment.

Under the previous conditions, THE BUYER and THE SELLER together called the Parties and individually the Party agree to execute the Amendment hereof having considered the following:

RECITALS AND REPRESENTATIONS

1. That by means of Sales Order issued on December 18, 2009 **GRAN TIERRA ENERGY COLOMBIA, LTD** accepted the Commercial Offer dated December 17, 2009 issued by **ECOPETROL S.A**., for the purchase of 100% of the oil owned by THE SELLER, produced in the Chaza Block.

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2. That on November 8th, 2010 the parties entered into Addendum No. 1 to the contract derived from the acceptance of the Commercial Offer dated December 17, 2009 by means of which numerals 1 and 7 were modified.

3. That on December 29, 2010, **ECOPETROL S A** and **GRAN TIERRA ENERGY COLOMBIA LTD.** executed the Amendment No 1 to the contract resulting from the acceptance of the Commercial Offer of December 17, 2009 for the purchase of crude Santana-Guayuyaco, extending the expiration date of the same until June 30, 2011.

4. That the final date of execution for the contract resulting from the acceptance of the Commercial Offer dated December 17, 2009 for the purchase of oil is June 30, 2011.

5. That both **ECOPETROL S A** and **GRAN TIERRA ENERGY COLOMBIA LTD** are interested in continuing with the business of buy-sell of Santana-Guayuyaco crude oil.

6. That taking into account the foregoing, **ECOPETROL S A** and **GRAN TIERRA ENERGY COLOMBIA LTD** the parties are interested in extending the duration of the contract resulting from the acceptance of the commercial offer of December 17, 2009 until July 31, 2011.

7. That for purposes of the execution of this Amendment, **THE BUYER** previously verified the Bulletin of Fiscal Responsibility developed and published by the General Comptroller of the Republic, in which **THE SELLER** does not appear as one of the people who have been determined by a judicial and firm decision as fiscally responsible. Likewise, **THE BUYER** implemented the control mechanisms in compliance with the Manual for the Administration of the risk of Assets Laundering (AL) and the Financing of Terrorism (FT).

8. That in accordance with the Delegations Manual, the Vice-President of Supply and Marketing is competent to enter into this Amendment.

9. That **THE BUYER** in its budget expenses has made the respective budget request for the execution of the Amendment contained hereof.

10. That in accordance with the provisions contained in the Contracting Manual of **THE BUYER** and having analyzed the nature and manner of implementing the performance of the Parties on the occasion of this Amendment to the sales of crude oil, the Authorized Officer has classified the risk as low, and therefore dispenses the need to require a guarantee from **THE SELLER**.

11. That considering the contractual planning, the areas of Labor Relations Risk, Coordination of Risks, Coordination of Budget and Accounting and Tax Coordination of ECOPETROL S.A. were consulted, in order to avoid any labor, tax, environmental, and other risks that may be generated for Ecopetrol as a result of the execution and implementation of this Amendment.

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12. That in compliance with the guidelines for the prevention of Assets Laundering and the Financing of Terrorism adopted by **THE BUYER**, the Legal Representative of **THE SELLER** represents under the seriousness of oath and subject to the sanctions of the Colombian Criminal Code:

    I. That my funds (or the funds of the entity I represent) are generated in legal activities and are linked to the normal development of my activities (or activities inherent to the corporate purpose of the company represented), and otherwise, said funds do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
    II. That I (or the entity I represent) have not made any transactions or operations destined to illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it, or in favor of persons in connection with said activities.
    III. That the funds committed in the contract or legal relation with THE BUYER do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
    IV. That in the execution of the contract or legal relation with THE BUYER, I will not contract or have any relations with any third parties that carry out operations or whose funds are coming from illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
    V. That the entity I represent complies with all regulations on prevention and control to assets laundering and the financing of terrorism) AL/FT) as may be applicable (as the case might be), having implemented the policies, procedures and mechanisms for the prevention and control to AL/FT derived from said legal provisions. A model of certification is attached in annex 1.
    VI. That neither I, nor the entity I represent, nor its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, or its legal representatives and members of the Board of Directors are in the international listings related to Colombia in accordance with international law (United Nations listings) or in the OFAC listings, being THE BUYER authorized to conduct the verifications as deemed pertinent and to terminate any commercial or legal relationship if proved that any of such persons are found in said listings. A model of certification is attached in annex 2.

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VII. That there are no investigations or criminal proceedings for any offenses of willful misconduct against me or against the entity I represent, its shareholders or partners, that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contributions or participation, or its legal representatives and its members of the Board of Directors, being THE BUYER authorized to make the verifications as deemed pertinent in data bases or in local or international public information or tot terminate any commercial or legal relationship if proved that against any of such persons there are investigations or proceedings or the existence of information in said public data bases that may place THE BUYER in front of a legal or reputational risk.

VIII. That in the event of occurrence of any of the circumstances described in the two paragraphs above, I make the commitment to communicate it immediately to THE BUYER.

IX. That with the signature of this document, it is understood that, both me as well as the natural or legal person I represent, grant our informed consent, and therefore, authorize THE BUYER to communicate to the local authorities or the authorities of any of the countries in which THE BUYER conducts operations, on any of the situations described in this document, as well as to provide to the competent authorities of such countries all the personal, public and private information, as required from me or the natural or legal person I represent; and likewise for THE BUYER to make the reports to the competent authorities as considered pertinent in accordance with its regulations and manuals in connection with its system of prevention and/or management the risk of assets laundering and the financing of terrorism, waving it from any responsibility for such action.

X. That all the documentation and information provided for entering into and execution of the contract or legal business with THE BUYER is true and accurate, being THE BUYER authorized to make any verifications as deemed pertinent and to terminate the contract or legal business if proved or becomes aware otherwise.

XI. That no other natural or legal person has any non-legitimate interest in the contract or legal business that motivates the subscription of the statement hereof.

XII. That I am aware, represent and accept that THE BUYER has the legal obligation to request any clarifications as deemed pertinent in the event of circumstances based on which THE BUYER may have reasonable doubts concerning my operations or the operations of the natural or legal person I represent, as well as the origin of our assets, in which case we are committed to provide the respective clarifications. If these are not satisfactory under THE BUYER'S criteria, we authorize to terminate the commercial or legal relation.

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Based on the above, the Parties,

AGREE

FIRST CLAUSE. Modify numeral 4 (VALIDITY, TERMS OF EXECUTION AND SPECIAL GROUNDS FOR TERMINATION IN ADVANCE) of the Contract resulting from the Commercial Offer of December 17, 2009 for the purchase of Santana-Guayuyaco, which shall be as follows:

"…4. VALIDITY, TERMS OF EXECUTION AND SPECIAL GROUNDS FOR TERMINATION IN ADVANCE

The validity of the contract resulting from the Offer hereof, shall commence with its acceptance and will terminate with its liquidation.

The term of execution of the Contract shall begin on January 1, 2010 (with the previous fulfillment of the requirement of execution set forth in numeral 18 of this document) and will end in July 31 of two thousand eleven (2011).

The parties shall carry out the respective liquidation within a term of four (4) months counted from the date of termination of the term of execution of the Contract resulting from the acceptance of the Offer hereof.

In case THE SELLER fails to attend the liquidation, or if no agreement is reached on the content of the same within the mentioned term, THE SELLER expressly authorizes THE BUYER to proceed with the unilateral liquidation within a two (2) months term."

SECOND CLAUSE. This Amendment does not imply a novation of the contract resulting from the acceptance of the Commercial Offer dated December 17, 2009, which clauses continue in force except for what was modified by this document.

THIRD CLAUSE: PUBLICATION: The payment of the publication of this Contract Amendment in the Public Contracts Newspaper (*Diario Único de Contratación Pública*) shall be borne by THE SELLER and shall be a requirement for the execution of the Amendment. THE SELLER shall deliver to THE BUYER a copy of the respective deposit within ten (10) business days after the signature of the Amendment hereof. Upon delivery of the corresponding receipt for the payment of said rights, THE BUYER shall submit to the National Print Office of Colombia in an original the Extract of Publication.

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FOURTH CLAUSE: TAXES: All taxes, that are caused by the execution, formalization, implementation and termination or liquidation of this Amendment with the exception of those strictly corresponding to THE BUYER, shall be borne by THE SELLER. THE BUYER shall carry out any withholding taxes on the accounts of THE SELLER as set forth by law.

CLAUSE FIFTH: The Parties agree to give to the agreements contained hereinto the meaning of a transaction, pursuant to the provisions set forth in the regulations in force, thus, maintaining the contractual, economic and financial balance of the Contract.

In witness whereof, the Parties hereto have caused this Amendment to be duly executed in Bogotá D.C. on the 30th day of June of 2011, in two copies of equal value.

THE SELLER	**THE BUYER**
/s/ **ALEJANDRA ESCOBAR HERRERA** **ALEJANDRA ESCOBAR HERRERA** Second Alternate Legal Representative **GRAN TIERRA ENERGY COLOMBIA LTD.**	/s/ **CLAUDIA L CASTELLANOS R** **CLAUDIA L CASTELLANOS R** Vice-president of Supply and Marketing **ECOPETROL S A**

ANNEX 1. Model of certification of application of AL/FT regulations for companies obliged to adopt systems of AL/FT prevention
ANNEX 2. Certificate of shareholder's interests for associates, shareholders or partners holding more than five (5%) interest in the corporate capital.

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ANNEX No. 1

MODEL OF CERTIFICATION OF APPLICATION OF AL/FT REGULATIONS FOR COMPANIES OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

OBLIGATORY ONLY FOR THOSE PARTIES THAT BY LEGAL REGULATIONS ARE OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

The purpose of this document is to certify to ECOPETROL S A that our entity has a SYSTEM FOR THE PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM, which fully complies with the applicable Colombian regulations.

Therefore, ________________, in my capacity as legal representative of GRAN TIERRA ENERGY COLOMBIA, LTD (THE ENTITY), I hereby CERTIFY that:

1. The ENTITY is fully complying with Colombian the applicable norms and regulations concerning the prevention and control of assets laundering and the financing of terrorism.
   YES ☒ No☐

2. The ENTITY has appropriate policies, manuals and procedures for the prevention and control of assets laundering and the financing of terrorism fully complying with the applicable regulations in force.
   YES ☒ No ☐

3. Has the ENTITY been involved in investigations for violations to laws regarding the assets laundering and the financing of terrorism?
   YES ☐ No ☒

4. Has the ENTITY been sanctioned or any of its employees or officers for violations to laws regarding assets laundering and the financing of terrorism?
   YES ☐ No ☒

Report the following data of the officer or employee concerning compliance:

Name:	David Hardy
Telephone:	(+1) (403) 265- 3221 Ext. 2247
e-mail:	davidhardy@grantierra.com
Address:	300, 625 – 11th Avenue SW, Calgary, Alberta, Canada T2R 0E1

We manifest that we authorize ECOPETROL S A to verify and confirm the information provided hereto directly or through the persons designed, including the effective application of the SYSTEM OF PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM inside our entity.

Comments:

ANNEX No. 2

Certificate of Shares Participation
Associates, Shareholders or Partners holding over five (5%) of interest in the corporate capital

This certification is only requested in the case of legal persons in which, given their nature, their shareholders, partners or associates do not appear in the certificate of the chamber of commerce

I, hereby certify that the associates, shareholders or partners holding over FIVE (5%) of interest in the corporate capital of the entity I represent are the natural or legal persons appearing in the following list:

NAME OF SHAREHOLDER PARTNER OR ASSOCIATE	IDENTIFICATION	NUMBER OF SHARES QUOTA OR PARTS OF INTEREST	PARTICIPATION IN THE CORPORATE CAPITAL (%)

I hereby certify that the real beneficiaries and controllers [1]

Name	Identification

Name of the entity: Gran Tierra Energy Colombia Ltd.
Tax ID:
Name of Legal Representative: Alejandra Escobar
Identification Number:
Signature Legal Representative: /s/ Alejandra Escobar

Not applicable due to GTEC is a branch of a foreign company and therefore has no legal personality independent of its parent.

[1] It is understood as “real beneficiary” or “controller” any person or group of persons who, directly or indirectly, by himself or through any third party, by virtue of any contract, agreement or otherwise has, with respect to any share or quote of a company, or may have any decision capacity or control over said company.

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Gerencia de Planeación y Suministro

AMENDMENT NO.2 TO THE CONTRACT RESULTING FROM THE COMMERCIAL OFFER DATED DECEMBER 17, 2009 FOR THE PURCHASE OF SANTANA-GUAYUYACO OIL

PURPOSE: **BUY-SELL OF SANTANA-GUAYUYACO CRUDE OIL**

SELLER: **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED**

BUYER: **ECOPETROL S.A.**

VALUE: **UNDETERMINED**

The contracting parties: **ECOPETROL S.A.**, decentralized entity of national order, incorporated by means of Law 165 of 1948, with Tax ID No. 899-999-068-1, organized as a Mixed Economy Company according to the dispositions of article No. 2 of Law 1118 of 2006, linked/related to the Ministry of Mines and Energy, with domicile in Bogota D.C., hereinafter referred in this Amendment as THE BUYER, represented by **CLAUDIA L. CASTELLANOS R**, of age and domiciled in this city, identified with citizenship card No. 63.314.635 issued in Bucaramanga, who in capacity of **VICE-PRESIDENT OF SUPPLY AND MARKETING** and with authorization contained in the Delegation Manual, acts on behalf of this Company, and on the other hand, **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED**, with Tax ID No. 830.051.027-8, hereinafter THE SELLER represented by **ALEJANDRA ESCOBAR HERRERA**, identified with citizenship card No. 52.646.943 who acts in her capacity as Legal Representative and is duly authorized to execute this Amendment as recorded in the attached incorporation and representation certificate, who states that neither she nor the company she represents are disqualified on grounds of disability or any inconsistency according to the Constitution or the law, that might prevent them from entering into this Amendment.

Under the previous conditions, THE BUYER and THE SELLER together called the Parties and individually the Party agree to execute the Amendment hereof having considered the following:

RECITALS AND REPRESENTATIONS

1. That by means of Sales Order issued on December 18, 2009 **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED** accepted the Commercial Offer dated December 17, 2009 issued by **ECOPETROL S.A**., for the purchase of 100% of the oil owned by THE SELLER, produced in the Risk Participation Contract of Santana (CPR-Santana) and the Guayuyaco Association Contract.

2. That on December 29, 2010, **ECOPETROL S A** and **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED** executed the Amendment No 1 to the contract resulting from the acceptance of the Commercial Offer of December 17, 2009 for the purchase of crude Santana-Guayuyaco, extending the expiration date of the same until June 30, 2011.

3. That the final date of execution for the contract resulting from the acceptance of the Commercial Offer dated December 17, 2009 for the purchase of oil is June 30, 2011.

4. That both **ECOPETROL S A** and **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED** are interested in continuing with the business of buy-sell of Santana-Guayuyaco crude oil.

5. That taking into account the foregoing, **ECOPETROL S A** and **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED** the parties are interested in extending the duration of the contract resulting from the acceptance of the commercial offer of December 17, 2009 until July 31, 2011.

6. That for purposes of the execution of this Amendment, **THE BUYER** previously verified the Bulletin of Fiscal Responsibility developed and published by the General Comptroller of the Republic, in which **THE SELLER** does not appear as one of the people who have been determined by a judicial and firm decision as fiscally responsible. Likewise, **THE BUYER** implemented the control mechanisms in compliance with the Manual for the Administration of the risk of Assets Laundering (AL) and the Financing of Terrorism (FT).

7. That in accordance with the Delegations Manual, the Vice-President of Supply and Marketing is competent to enter into this Amendment.

8. That **THE BUYER** in its budget expenses has made the respective budget request for the execution of the Amendment contained hereof.

9. That in accordance with the provisions contained in the Contracting Manual of **THE BUYER** and having analyzed the nature and manner of implementing the performance of the Parties on the occasion of this Amendment to the sales of crude oil, the Authorized Officer has classified the risk as low, and therefore dispenses the need to require a guarantee from **THE SELLER**.

10. That considering the contractual planning, the areas of Labor Relations Risk, Coordination of Risks, Coordination of Budget and Accounting and Tax Coordination of ECOPETROL S.A. were consulted, in order to avoid any labor, tax, environmental, and other risks that may be generated for Ecopetrol as a result of the execution and implementation of this Amendment.

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11. That in compliance with the guidelines for the prevention of Assets Laundering and the Financing of Terrorism adopted by **THE BUYER**, the Legal Representative of **THE SELLER** represents under the seriousness of oath and subject to the sanctions of the Colombian Criminal Code:

    I. That my funds (or the funds of the entity I represent) are generated in legal activities and are linked to the normal development of my activities (or activities inherent to the corporate purpose of the company represented), and otherwise, said funds do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
    II. That I (or the entity I represent) have not made any transactions or operations destined to illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it, or in favor of persons in connection with said activities.
    III. That the funds committed in the contract or legal relation with THE BUYER do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
    IV. That in the execution of the contract or legal relation with THE BUYER, I will not contract or have any relations with any third parties that carry out operations or whose funds are coming from illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
    V. That the entity I represent complies with all regulations on prevention and control to assets laundering and the financing of terrorism) AL/FT) as may be applicable (as the case might be), having implemented the policies, procedures and mechanisms for the prevention and control to AL/FT derived from said legal provisions. A model of certification is attached in annex 1.
    VI. That neither I, nor the entity I represent, nor its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, or its legal representatives and members of the Board of Directors are in the international listings related to Colombia in accordance with international law (United Nations listings) or in the OFAC listings, being THE BUYER authorized to conduct the verifications as deemed pertinent and to terminate any commercial or legal relationship if proved that any of such persons are found in said listings. A model of certification is attached in annex 2.
    VII. That there are no investigations or criminal proceedings for any offenses of willful misconduct against me or against the entity I represent, its shareholders or partners, that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contributions or participation, or its legal representatives and its members of the Board of Directors, being THE BUYER authorized to make the verifications as deemed pertinent in data bases or in local or international public information or tot terminate any commercial or legal relationship if proved that against any of such persons there are investigations or proceedings or the existence of information in said public data bases that may place THE BUYER in front of a legal or reputational risk.

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VIII. That in the event of occurrence of any of the circumstances described in the two paragraphs above, I make the commitment to communicate it immediately to THE BUYER.
IX. That with the signature of this document, it is understood that, both me as well as the natural or legal person I represent, grant our informed consent, and therefore, authorize THE BUYER to communicate to the local authorities or the authorities of any of the countries in which THE BUYER conducts operations, on any of the situations described in this document, as well as to provide to the competent authorities of such countries all the personal, public and private information, as required from me or the natural or legal person I represent; and likewise for THE BUYER to make the reports to the competent authorities as considered pertinent in accordance with its regulations and manuals in connection with its system of prevention and/or management the risk of assets laundering and the financing of terrorism, waving it from any responsibility for such action.
X. That all the documentation and information provided for entering into and execution of the contract or legal business with THE BUYER is true and accurate, being THE BUYER authorized to make any verifications as deemed pertinent and to terminate the contract or legal business if proved or becomes aware otherwise.
XI. That no other natural or legal person has any non-legitimate interest in the contract or legal business that motivates the subscription of the statement hereof.
XII. That I am aware, represent and accept that THE BUYER has the legal obligation to request any clarifications as deemed pertinent in the event of circumstances based on which THE BUYER may have reasonable doubts concerning my operations or the operations of the natural or legal person I represent, as well as the origin of our assets, in which case we are committed to provide the respective clarifications. If these are not satisfactory under THE BUYER'S criteria, we authorize to terminate the commercial or legal relation.

Based on the above, the Parties,

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AGREE

FIRST CLAUSE. Modify numeral 4 (VALIDITY, TERMS OF EXECUTION AND SPECIAL GROUNDS FOR TERMINATION IN ADVANCE) of the Contract resulting from the Commercial Offer of December 17, 2009 for the purchase of Santana-Guayuyaco, which shall be as follows:

"…4. VALIDITY, TERMS OF EXECUTION AND SPECIAL GROUNDS FOR TERMINATION IN ADVANCE

The validity of the contract resulting from the Offer hereof, shall commence with its acceptance and will terminate with its liquidation.

The term of execution of the Contract shall begin on January 1, 2010 (with the previous fulfillment of the requirement of execution set forth in numeral 18 of this document) and will end in July 31 of two thousand eleven (2011).

The parties shall carry out the respective liquidation within a term of four (4) months counted from the date of termination of the term of execution of the Contract resulting from the acceptance of the Offer hereof.

In case THE SELLER fails to attend the liquidation, or if no agreement is reached on the content of the same within the mentioned term, THE SELLER expressly authorizes THE BUYER to proceed with the unilateral liquidation within a two (2) months term."

SECOND CLAUSE. This Amendment does not imply a novation of the contract resulting from the acceptance of the Commercial Offer dated December 17, 2009, which clauses continue in force except for what was modified by this document.

THIRD CLAUSE: PUBLICATION: The payment of the publication of this Contract Amendment in the Public Contracts Newspaper (*Diario Único de Contratación Pública*) shall be borne by THE SELLER and shall be a requirement for the execution of the Amendment. THE SELLER shall deliver to THE BUYER a copy of the respective deposit within ten (10) business days after the signature of the Amendment hereof. Upon delivery of the corresponding receipt for the payment of said rights, THE BUYER shall submit to the National Print Office of Colombia in an original the Extract of Publication.

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FOURTH CLAUSE: TAXES: All taxes, that are caused by the execution, formalization, implementation and termination or liquidation of this Amendment with the exception of those strictly corresponding to THE BUYER, shall be borne by THE SELLER. THE BUYER shall carry out any withholding taxes on the accounts of THE SELLER as set forth by law.

CLAUSE FIFTH: The Parties agree to give to the agreements contained hereinto the meaning of a transaction, pursuant to the provisions set forth in the regulations in force, thus, maintaining the contractual, economic and financial balance of the Contract.

In witness whereof, the Parties hereto have caused this Amendment to be duly executed in Bogotá D.C. on the 30th day of June of 2011, in two copies of equal value.

THE SELLER	**THE BUYER**
/s/ **ALEJANDRA ESCOBAR HERRERA** **ALEJANDRA ESCOBAR HERRERA** Second Alternate Legal Representative **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED**	/s/ **CLAUDIA L CASTELLANOS R** **CLAUDIA L CASTELLANOS R** Vice-president of Supply and Marketing **ECOPETROL S A**

ANNEX 1. Model of certification of application of AL/FT regulations for companies obliged to adopt systems of AL/FT prevention
ANNEX 2. Certificate of shareholder’s interests for associates, shareholders or partners holding more than five (5%) interest in the corporate capital.

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ANNEX No. 1

MODEL OF CERTIFICATION OF APPLICATION OF AL/FT REGULATIONS FOR COMPANIES OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

OBLIGATORY ONLY FOR THOSE PARTIES THAT BY LEGAL REGULATIONS ARE OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

The purpose of this document is to certify to ECOPETROL S A that our entity has a SYSTEM FOR THE PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM, which fully complies with the applicable Colombian regulations.

Therefore, ______________, in my capacity as legal representative of SOLANA PETROLEUM EXPLORATION COLOMBIA LTD (THE ENTITY), I hereby CERTIFY that:

1. The ENTITY is fully complying with Colombian the applicable norms and regulations concerning the prevention and control of assets laundering and the financing of terrorism.
   YES ☒ No ☐
2. The ENTITY has appropriate policies, manuals and procedures for the prevention and control of assets laundering and the financing of terrorism fully complying with the applicable regulations in force.
   YES ☒ No ☐
3. Has the ENTITY been involved in investigations for violations to laws regarding the assets laundering and the financing of terrorism?
   YES ☐ No ☒
4. Has the ENTITY been sanctioned or any of its employees or officers for violations to laws regarding assets laundering and the financing of terrorism?
   YES ☐ No ☒

Report the following data of the officer or employee concerning compliance:

Name:	David Hardy
Telephone:	(+1) (403) 265- 3221 Ext. 2247
e-mail:	davidhardy@grantierra.com
Address:	300, 625 – 11th Avenue SW, Calgary, Alberta, Canada T2R 0E1

We manifest that we authorize ECOPETROL S A to verify and confirm the information provided hereto directly or through the persons designed, including the effective application of the SYSTEM OF PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM inside our entity.

Comments:

ANNEX No. 2

Certificate of Shares Participation

Associates, Shareholders or Partners holding over five (5%) of interest in the corporate capital

This certification is only requested in the case of legal persons in which, given their nature, their shareholders, partners or associates do not appear in the certificate of the chamber of commerce

I, hereby certify that the associates, shareholders or partners holding over FIVE (5%) of interest in the corporate capital of the entity I represent are the natural or legal persons appearing in the following list:

NAME OF SHAREHOLDER PARTNER OR ASSOCIATE	IDENTIFICATION	NUMBER OF SHARES QUOTA OR PARTS OF INTEREST	PARTICIPATION IN THE CORPORATE CAPITAL (%)

I hereby certify that the real beneficiaries and controllers [1]

Name	Identification

Name of the entity: Solana Petroleum Exploration Colombia Ltd.
Tax ID:
Name of Legal Representative: Alejandra Escobar
Identification Number:
Signature Legal Representative: /s/ Alejandra Escobar

Not applicable due to Solana is a branch of a foreign company and therefore has no legal personality independent of its parent.

[1] It is understood as "real beneficiary" or "controller" any person or group of persons who, directly or indirectly, by himself or through any third party, by virtue of any contract, agreement or otherwise has, with respect to any share or quote of a company, or may have any decision capacity or control over said company.

CONTRACT: **VSM-GPS-XXX-2011**

PURPOSE: **PURCHASE AND SALE OF CRUDE OIL CHAZA, SANTANA AND GUAYUYACO**

SELLER: **GRAN TIERRA ENERGY COLOMBIA LTD**

VALUE: **UNDETERMINED**

The contracting parties: **ECOPETROL S.A.**, a decentralized entity of national order, incorporated by means of Law 165 of 1948, with Tax ID No. 899-999-068-1, organized as a Mixed Economy Company according to the dispositions of article No. 2 of Law 1118 of 2006, attached to the Ministry of Mines and Energy, with domicile in Bogota D.C., whose Corporate By-laws are contained in Public Deed No. 5314 of December 14, 2007 granted in Notary Second of the Notaries Circle of Bogotá D C and registered in the Chamber of Commerce of Bogotá D. C., hereinafter referred in this Contract as **THE BUYER**, represented by, **CLAUDIA L. CASTELLANOS R.** of age and domiciled in this city, identified with citizenship card No. 63.314.635 issued in Bucaramanga, who in capacity of Vice-president of Supply and Marketing and with authorization contained in the Delegation Manual, acts on behalf of this Company, and on the other hand, **GRAN TIERRA ENERGY COLOMBIA LTD**, with Tax ID No. 860.516.431-7, hereinafter **THE SELLER** represented by **JULIÁN GARCÍA SALCEDO**, identified with citizenship card No. 19.421.914 issued in Bogotá, who acts in his capacity as Legal Representative and is duly authorized to execute this Contract as recorded in the attached incorporation and representation certificate, who states that neither he nor the company he represents are disqualified on grounds of disability or any inconsistency according to the Constitution or the law, that might prevent them from entering into this Contract.

Under the previous conditions, both **THE BUYER** and **THE SELLER**, jointly known as the Parties and individually as the Party, agree to execute the Contract herein taking into consideration the following:

RECITALS AND REPRESENTATIONS

1. That on June 27, 2005, the Agencia Nacional de Hidrocarburos and **THE SELLER** entered into a Contract for the Exploration and Production of Hydrocarbons called Chaza.

2. That on September 30, 2002, Ecopetrol S A and THE SELLER entered into an Association Contract called Guayuyaco.

3. That on July 27, 1987, Ecopetrol S A and THE SELLER entered into a Risk Shared Contract Santana (CPR-Santana).

4. That, THE SELLER holds 50% of the crude production resulting from field Chaza, 35% from field Guayuyaco and 35% from field Santana, all percentages previously mentioned shall be after deducting the percentage corresponding to the shared of ECOPETROL and/or the royalties.

5. That for purposes of the execution of this Contract, THE BUYER previously verified the Bulletin of Fiscal Responsibility developed and published by the General Comptroller of the Republic of Colombia, in which THE SELLER does not appear as one of the people who have been determined by a judicial and firm decision as fiscally responsible. Likewise, THE BUYER implemented the control mechanisms in connection with the prevention of assets laundering and developed the instruments for the adequate implementation of the same in compliance with the Policy for Prevention of Assets Laundering (AL) and the Financing of Terrorism (FT).

6. That in accordance with the provisions in the Delegations Manual of the Company, the **Vice-President of Supply and Marketing** is the competent person to enter into this Contract.

7. That THE BUYER in its budget expenses has the respective budget availability for the execution of the Contract hereof.

8. That in accordance with the provisions contained in the Contracting Manual of THE BUYER and having analyzed the nature and manner of implementing the performance of the Parties on the occasion of this Contract, the Authorized Officer has classified the risk as low, and therefore dispenses the need to require a bond from THE SELLER.

9. That considering the contractual planning, the areas of Labor Relations Risk, Coordination of Risks, Coordination of Budget and Accounting and Tax Coordination of ECOPETROL S.A. were consulted, in order to avoid any labor, tax, environmental, and other risks that may be generated for Ecopetrol as a result of the execution and implementation of this Amendment.

10. That in compliance with the Policy for the Prevention of Assets Laundering and the Financing of Terrorism adopted by THE BUYER, the Legal Representative of THE SELLER represents under the seriousness of oath and subject to the sanctions of the Colombian Criminal Code:

    I. That my funds (or the funds of the entity I represent) are generated in legal activities and are linked to the normal development of my activities (or activities inherent to the corporate purpose of the company represented), and otherwise, said funds do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.

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II. That I (or the entity I represent) have not made any transactions or operations destined to illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it, or in favor of persons in connection with said activities.

III. That the funds committed in the contract or legal relation with THE BUYER do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.

IV. That in the execution of the contract or legal relation with THE BUYER, I will not contract or have any relations with any third parties that carry out operations or whose funds are coming from illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.

V. That the entity I represent complies with all regulations on prevention and control to assets laundering and the financing of terrorism) AL/FT) as may be applicable (as the case might be), having implemented the policies, procedures and mechanisms for the prevention and control to AL/FT derived from said legal provisions. A model of certification is attached in annex 1.

VI. That neither I, nor the entity I represent, nor its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, or its legal representatives and members of the Board of Directors are in the international listings related to Colombia in accordance with international law (United Nations listings) or in the OFAC listings, being THE BUYER authorized to conduct the verifications as deemed pertinent and to terminate any commercial or legal relationship if proved that any of such persons are found in said listings. A model of certification is attached in annex 2.

VII. That there are no investigations or criminal proceedings for any offenses of willful misconduct against me or against the entity I represent, its shareholders or partners, that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contributions or participation, or its legal representatives and its members of the Board of Directors, being THE BUYER authorized to make the verifications as deemed pertinent in data bases or in local or international public information or tot terminate any commercial or legal relationship if proved that against any of such persons there are investigations or proceedings or the existence of information in said public data bases that may place THE BUYER in front of a legal or reputational risk.

VIII. That in the event of occurrence of any of the circumstances described in the two paragraphs above, the commitment is to communicate it immediately to THE BUYER.

IX. That with the signature of this document, it is understood that, both me as well as the natural or legal person represented, grant our informed consent, and therefore, authorize THE BUYER to communicate to the local authorities or the authorities of any of the countries in which THE BUYER conducts operations, on any of the situations described in this document, as well as to provide to the competent authorities of such countries all the personal, public and private information, as required from me or the natural or legal person represented; and likewise for THE BUYER to make the reports to the competent authorities as considered pertinent in accordance with its regulations and manuals in connection with its system of prevention and/or management the risk of assets laundering and the financing of terrorism, waving it from any responsibility for such action.

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X. That all the documentation and information provided for entering into and execution of the contract or legal business with THE BUYER is true and accurate, being THE BUYER authorized to make any verifications as deemed pertinent and to terminate the contract or legal business if proved or becomes aware otherwise.
XI. That no other natural or legal person has any non-legitimate interest in the contract or legal business that motivates the subscription of the statement hereof.
XII. That I am aware, represent and accept that THE BUYER has the legal obligation to request any clarifications as deemed pertinent in the event of circumstances based on which THE BUYER may have reasonable doubts concerning my operations or the operations of the natural or legal person I represent, as well as the origin of our assets, in which case we are committed to provide the respective clarifications. If these are not satisfactory under THE BUYER'S criteria, we authorize to terminate the commercial or legal relation.

Based on the above, the Parties,

AGREE

CLAUSE FIRST. PURPOSE AND VOLUMES: THE BUYER undertakes the obligation to acquire and pay 100% of all the crude oil owned by THE SELLER produced in the Risk Shared Contract (CPR-Santana), the Association Contract Guayuyaco and produced in the "Chaza" Block, and THE SELLER on the other hand undertakes the obligation to sell and deliver 100% of the crude oil of its property pursuant with CLAUSE SEVENTH of the delivery program. This Contract does not include the volume of crude corresponding to royalties.

For purposes of this Contract, one barrel is equivalent to one hundred fifty eight point nine hundred eighty eight (158.988) liters.

FIRST PARAGRAPH: DESTINATION OF THE CRUDE OIL. THE BUYER shall destine the crude purchased for export through the port of Tumaco. THE BUYER, upon prior written notice to THE SELLER may additionally: i) destine the crude of this Contract for export through other ports and/or ii) use it for refinery.

CLAUSE SECOND. PRICE: The price to be paid for the crude oil of this Contract, placed in the Delivery Point (s) indicated in clause sixth of this document shall be established as indicated hereunder for the different components which comprise the following formula(s):

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A. For crude oil exported as Southblend by the port of Tumaco and received at the Orito Station:

Crude Price = WTI – Marker Discount +/- Adjustment for Quality – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

WTI: Corresponds to the arithmetic average of the daily quote of the West Texas Intermediate crude, WTI NYMEX, in dollars per barrel of the month of deliveries.

Marker Discount: Corresponds to the average discount of export of THE BUYER of South Blend Crude by the Port of Tumaco negotiated for the month after the month of delivery of crude. If no exports are made and therefore no export discounts are negotiated for the month of deliveries, it shall correspond to the parties to apply as Marker Discount the average export discount negotiated for the following month in which the export is made. THE BUYER shall report this discount. The reference quality of the South Blend Crude is 29.3 ° API and 0.62% Sulfur (S), and the same shall be monthly updated with real average data of the exports made by THE BUYER by the Port of Tumaco.

Adjustment for Quality: Shall be established in accordance with the provisions in the Fifth Paragraph of this numeral.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees established by the Ministry of Mines and Energy for pipelines between the Orito Station and the Port of Tumaco. The transportation fees for pipelines are updated at the beginning of each year by the "Phi" Factor as indicated by the Ministry of Mines and Energy. The applicable fees for the year 2011 are:

Section	MME Fee 100% Base Fee US$/Bl
Orito - Tumaco	2.9141
Total Transportation	**2.9141**

The fee above shall be modified after approval of the new fee for the system based on the methodology for establishing fees as defined by the Ministry of Mines and Energy in Resolutions 124386 and 124547 of 2010 or those regulations amending, adding or superseding it. To do this, **THE BUYER** shall notify **THE SELLER** about the new fee approved.

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Port Operation Fee: Corresponds to an amount of fifty five USD per barrel (US$/BI 0.55) which covers the loading operation from the reception of product in the terminal until delivered by the line to the platform or Mono-buoy respectively. The fee amount is presently under review by the Vice-presidency of Transportation, therefore, it may be updated and shall be in force once it is established in firm and made official to all third parties. THE BUYER shall notify THE SELLER about the new approved fee.

Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia for transportation systems indicated in the previous point based on the following detail:

Section	MME US$/BI Fee	% Transportation Tax	US$/BI Transportation Tax
Orito - Tumaco	2.9141	2%	0.0583
Total Transportation Tax			**0.0583**

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.5) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, bonds, hedging of risks related to market variations and operational risks.

B. For crude oil exported as Southblend by the port of Tumaco and received at the Santana Station:

Crude Price = WTI – Marker Discount +/- Adjustment for Quality – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

WTI: Corresponds to the arithmetic average of the daily quote of the West Texas Intermediate crude, WTI NYMEX, in dollars per barrel of the month of deliveries.

Marker Discount: Corresponds to the average discount of export of THE BUYER of South Blend Crude by the Port of Tumaco negotiated for the month after the month of delivery of crude. If no exports are made and therefore no export discounts are negotiated for the month of deliveries, it shall correspond to the parties to apply as Marker Discount the average export discount negotiated for the following month in which the export is made. THE BUYER shall report this discount. The reference quality of the South Blend Crude is 29.3 ° API and 0.62% Sulfur (S), and the same shall be monthly updated with real average data of the exports made by THE BUYER by the Port of Tumaco.

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Adjustment for Quality: Shall be established in accordance with the provisions in the Fifth Paragraph of this numeral.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees established by the Ministry of Mines and Energy for pipelines between the Orito Station and the Port of Tumaco. The transportation fees for pipelines are updated at the beginning of each year by the "Phi" Factor as indicated by the Ministry of Mines and Energy. The applicable fees for the year 2011 are:

Section	MME US$/BI 100% Base Fee Year
Orito - Tumaco	2.9141
La Ye – Orito	0.2961
Total Transportation	**3.2101**

The fee above shall be modified after approval of the new fee for the system based on the methodology for establishing fees as defined by the Ministry of Mines and Energy in Resolutions 124386 and 124547 of 2010 or those regulations amending, adding or superseding it. To do this, THE BUYER shall notify THE SELLER about the new fee approved.

Port Operation Fee: Corresponds to an amount of fifty five USD per barrel (US$/BI 0.55) which covers the loading operation from the reception of product in the terminal until delivered by the line to the platform or Mono-buoy respectively. The fee amount is presently under review by the Vice-presidency of Transportation, therefore, it may be updated and shall be in force once it is established in firm and made official to all third parties. THE BUYER shall notify THE SELLER about the new approved fee.

Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia for transportation systems indicated in the previous point based on the following detail:

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Section	MME US$/BI Fee	% Transportation Tax	US$/BI Transportation Tax
Orito - Tumaco	2.8786	2%	0.0583
La Ye – Orito	0.2924	2%	0.0059
Total Tax			**0.0642**

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.5) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, guarantees, hedging of risks related to market variations.

C. For crude oil exported as "Oriente" Crude by Ecuador:

Crude Price = Marker Discount – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

Marker: Corresponds to the weighted average real price of exports made by THE BUYER of Oriente crude by the port of Balao.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees:

- Fee La Ye – Orito (established by the Ministry of Mines and Energy): 0,0540 USD/Bl.
- Fee Orito – San Miguel (established by the Ministry of Mines and Energy): 0,1387 USD/Bl
- Fee charged by PETROECUADOR for the transportation of crude.

Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia for transportation systems indicated in the previous point. For the Ecuador trench the respective tax, if applicable, shall be taken into account from the delivery site to the loading port.

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.50) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, bonds, hedging of risks related to market variations.

D. For crude oil delivered at the DINA Station for export by the port of Coveñas or for refining:

Crude Price = WTI – Marker Discount +/- Adjustment for Quality – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

WTI: Corresponds to the arithmetic average of the daily quote of the West Texas Intermediate crude, WTI NYMEX, in dollars per barrel of the month of deliveries.

Marker Discount: Corresponds to the weighted average per volume of export of ECOPETROL group of export mix Vasconia for the month of delivery. THE BUYER shall report this value monthly. The quality reference for Vasconia crude is 24.8° API and 0.97 % Sulphur (S). In case Ecopetrol does not make any exports in the month of deliveries, the marker discount shall correspond to the average export discount of Crude export mix Vasconia reported by Argus and Platts for the month minus 1 of deliveries. EL COMPRADOR shall report this value monthly.

Adjustment for Quality: Shall be established in accordance with the provisions in the Fifth Paragraph of this article.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees established by the Ministry of Mines and Energy for pipelines between the Orito Station and the Port of Tumaco. The transportation fees for pipelines are updated at the beginning of each year by the “Phi” Factor as indicated by the Ministry of Mines and Energy. The applicable fees for the year 2011 are:

Section	**MME US$/BI 100%** **Base Fee** Year 2011 MME US$/Bl
Tenay -Vasconia	1,4163
Vasconia – Coveñas ODC	1,5471
Total Transportation	**2,9634**

The fee above shall be modified after approval of the new fee for the system based on the methodology for establishing fees asdefined by the Ministry of Mines and Energy in Resolutions 124386 and 124547 of 2010 or those regulations amending, adding or superseding it. To do this, THE BUYER shall notify THE SELLER about the new fee approved.

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Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia (or the regulation that modifies it) for transportation systems indicated in the previous point based on the following detail:

Section	**MME US$/Bl 100% Base Fee**	**% Transportation Tax**	**US$/Bl Transportation Tax**
Tenay –Vasconia	1,4163	6%	0,085
Vasconia – Coveñas ODC	1,5471	6%	0,091
Total Tax			**0,176**

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.50) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, guarantees, hedging of risks related to market variations.

FIRST PARAGRAPH: The price determined by the aforementioned formula comprises the different costs of transportation, handling, measurement and transportation taxes bore by THE SELLER and generated until the delivery of the crudes being the purpose of this purchase-sale at the Delivery Point(s); therefore THE BUYER shall not make any additional acknowledgement on such items.

SECOND PARAGRAPH: When the parties agree on Delivery Point(s) different from those established in article six (6) of this document, the price formula set out in this article shall be modified in the transportation item, taking into account the fees and transportation tax of crude for the pipeline in force between the Delivery Point(s) and the export port that applies. Additionally, the marker shall be modified as the case may be.

THIRD PARAGRAPH: The reception and inspection costs in the case of stations agreed between the parties and not operated by ECOPETROL, shall be recognized directly by THE SELLER to the respective operating company. THE BUYER shall not make any additional acknowledgment on said items.

FOURTH PARAGRAPH: PRICE RENEGOTIATION. The parties may request a review of the price established in this article provided that any of the following events occur:

a) A change of more or less two (2) API grades in the quality of crude oil produced in the field/area/block contracted.

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b) A change of more or less two (2) API grades in the quaity of Marker Crude during three (3) consecutive months . In this event the request for review shall be made during the following month to the period of three (3) consecutive months.

c) In the event the Marker Crude disappears and it becomes necessary to define a new Marker.

The Parties shall have a term of thirty (30) business days to negotiate. In case of reaching an agreement, this shall be stated for the record by signing an amendment between THE BUYER and THE SELLER and its contents shall apply from the day after the date in which said amendment is executed.

If, at the end of thirty (30) business days there is not an agreement, THE BUYER or THE SELLER may inform to the other, its intention to terminate the Contract pursuant to clause Twenty Second of this Contract.

The termination is not a waiver for the Parties to fulfill the obligations that may have been caused.

FIFTH PARAGRAPH: ADJUSTMENT FOR QUALITY. The adjustments for quality (API Gravity and Sulfur) shall be made if the following two conditions are met:

1. That the average of daily deliveries of crude owned by THE SELLER (in volume) be higher than 10% of the daily average of:
   a. The total current of SouthBlend dispatched by the "Trasandino" Pipeline for the month of deliveries, for the case of deliveries at Orito and Santana.
   b. For total exports of Vasconia Mix by the port of Coveñas for the month of deliveries, for the case of deliveries at Dina.

2. That the quality of marker crude for the case of deliveries at Orito and Santana, monthly updated pursuant to the provisions in this document has to be:

   a. Higher than 31°API or lower than 29°API and/or
   b. Higher than 0,7% Sulfur or lower than 0,5% Sulfur.

If the two previous conditions are met, it shall be compared monthly in terms of API and % of sulfur the qualities of the marker, monthly updated as set out in this document, and the crude being the purpose of this purchase-sale, applying bonuses or penalties to the price if better or worse quality than the marker is delivered as follows:

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- Correction for API: +/- 0.53 US$/Unit of API or proportionally by fraction. Price adjustments shall be positive for API gravities of crude above the reference value for marker crude and negative for lower gravities .

- Correction for sulfur: +/- 1,98 US$/Unit of % of sulfur in weight or proportionally by fraction. Price adjustments shall be positive for percentage of sulfur in the crude below the reference value for marker crude and negative for higher values.

SIXTH PARAGRAPH: API and Sulfur coefficients of adjustments for quality referred to in this clause shall be reviewed each year after the signature of the Contract hereof. Any changes in the coefficients shall be stated for the record by signing an amendment between THE BUYER and THE SELLER and its contents shall apply from the day after the date in which said amendment is executed.

If, at the end of thirty (30) business days there is not an agreement, THE BUYER or THE SELLER may inform to the other, its intention to terminate the Contract pursuant to clause Twenty Second of this Contract.

The termination is not a waiver for the Parties to fulfill the obligations that may have been caused.

SEVENTH PARAGRAPH: **QUALITY SPECIFICATIONS**. THE BUYER shall certify the quality of crude received on the site of delivery as indicated in clause sixth and the following quality specifications shall be fulfilled:

Field	**° API Minimum**	**SULFUR (% in weight) Maximum**	**BSW (% in volume) Maximum**	**SALT (Lb/1000Bls) Maximum**
Santana and Guayuyaco	29.0°	0.7	0.5	20.0
Chaza	29.6°	0.41	0.5	20.0

1. The crude density shall be determined by the laboratory method ASTM-D-1298 (Method to determine density, specific density (specific Gravity) or API Gravity or crude and liquid petroleum products by the Hydrometer method).
2. The water and content sediment, BSW, shall be determined by the methods:
   Water in suspension ASTM-D4377 "Method to determine water in crude oils by potentiometric titration Karl Fisher and Sediments ASTM-D473 "Method to determine sediments in crude and fuel oils by extraction", For content of water and sediments in crude individual maximum values shall be accepted of: 0.5% in volume for water and 0.01% in volume for sediments.

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3. The sulfur content shall be determined by the method ASTM-D4294 “Method to determine sulfur in crude and oil products by dispersive energy of X rays of spectrometry of fluorescence”.
4. The salt content shall be determined by the method ASTM-D3230 “Method to determine salt in crudes by the electrometric method”.

When specifications of BSW, Salt and sulfur herein indicated are not within the allowed margin, THE BUYER reserves the right to receive crude oils and buy them with an adjusted price. In these cases the crude price shall be adjusted as follows:

Corrections for BSW and Salt – shall be applied according to the following tables:

BSW Content % in Volume	**Correction**(US$/Barrel)	**Assumed by**
0.51 to 0.80	0.10	THE SELLER
0.81 to 1.00	0.20	THE SELLER
1.01 to 1.20	0.30	THE SELLER
1.21 to 1.50	0.40	THE SELLER
> 1.51	Rejected	
Salt Content Lbs per thousand Barrels	**Correction** (US$/Barrel)	**Assumed by**
20.1 to 30.0	0.160	THE SELLER
30.1 to 40.0	0.180	THE SELLER
40.1 to 60.0	0.200	THE SELLER
60.1 to 80.0	0.220	THE SELLER
80.1 to 100.0	0.240	THE SELLER
> 100.0	Rejected	

It is understood that THE SELLER shall make its best efforts to deliver the crude oils being the purpose of this contract with the BSW and Salt contents within the parameters agreed in the previous tables. These corrections shall be applied to daily deliveries for each batch delivered.

In case the crude deliveries exceed the maximum values of table (1.51 % BSW and 100 pounds per thousand barrels of slat), and if THE BUYER decides to choose the reception of crude, the Parties shall agree on the value of the corresponding correction which shall be stated for the record in a Minutes/Amendment signed by the parties. In case an agreement is not reached, **THE BUYER** may reject the crude.

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EIGHTH PARAGRAPH: **Reimbursable Expenses:** Reimbursable expenses shall not be higher than forty million pesos (COP$40,000,000) before VAT and **THE BUYER** shall have to previously authorize and approve them. This shall include only and exclusively the cost of the independent inspector referred to in Paragraph Second of clause Fifth of the Contract hereof.

The amount of reimbursable expenses shall not be part of the value of the Contract. The handling of reimbursable expenses shall be made in accordance with the current procedures that **THE BUYER** has for this kind of expenses (annex 3).

CLAUSE THIRD. INVOICING AND PAYMENT: THE SELLER shall invoice and charge THE BUYER the value of the crude sold according to the terms of this document, at the Planning and Supply Management Office in Bogotá, within the first ten (10) business days of the month, after the month of the delivery of crude to THE BUYER. Within the first seven (7) calendar days of the month after the deliveries, THE BUYER shall provide THE SELLER the information the latter may require to make the corresponding invoice. Invoices shall be filed at the Planning and Supply Management Offices of THE BUYER in Bogotá and its date of presentation valid for the payment shall be the date of reception at the accounts payable office of THE BUYER in Bogotá. The invoicing shall be made based on the net volumes, free of water and sediment, corrected at sixty (60) Fahrenheit degrees received at the Delivery Point. For invoice approval it is necessary to present the official forms Table No 4 and/or Form No. 9SH from the Ministry of Mines and Energy. Provisional Table No 4 and forms may be accepted, but quarterly, THE SELLER shall submit to THE BUYER copy of Tables No 4 and/or Form No. 9SH of the previous quarter duly filled in and signed by the Ministry of Mines and Energy.

Considering the authorization of payments in foreign exchange stated in article 51 of External Resolution Number 8 of 2000 of the Board of Directors of the Central Bank, which provides that the purchase-sales of crude oil and natural gas produced in the country may be paid in foreign exchange by THE BUYER and all other entities engaged in the industrial activity of refining oil, the invoicing made by THE SELLER for the provision of crude to THE BUYER shall be made in dollars of the United States of America.

In all cases payment shall be made thirty (30) calendar days after the filing of the invoices duly filled in, and after any legal withholdings, if applicable. THE SELLER shall communicate to THE BUYER in advance, and in writing, the bank account in which the respective payment shall be made.

FIRST PARAGRAPH: THE BUYER shall have a period of ten (10) calendar days, counted as of the reception of the invoices for the sale of crude oil, to review or object them. In case of any objections on the invoices, the date of reception shall be the date of filing of the new invoice. THE BUYER shall inform THE SELLER within the term established of any invoice objected, so that it may be adjusted and corrected, clearly specifying the items to be adjusted or corrected and the corresponding motives. THE SELLER shall respond any objection within ten (10) business days after reception of the same, counted as of the time in which THE BUYER submits to THE SELLER all documents supporting the objection, unless the Parties determine by common agreement to extend this term, if the complexity of the objection or any other circumstance thus requires so.

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In case THE SELLER does not respond the objection within the term described, the objection shall be understood as accepted by THE SELLER. If THE SELLER resolves the objection in favor of THE BUYER, it shall be understood that there was no payment obligation on the invoice originally filed, being the purpose of the objection. If THE SELLER resolves the objection in its favor, THE BUYER shall be obliged to pay the amount unpaid. In order to resolve any discrepancy, each of the Parties shall submit to the other Party copy of the documents, which originated the invoice and the objection. In the event THE BUYER is in disagreement with the decision of THE SELLER, the former may apply the provisions in clause seventeenth of this document.

SECOND PARAGRAPH: In case of any unjustified delay in the payment of invoices not objected on time by THE BUYER, in accordance with the provisions in the first paragraph of this article, THE BUYER shall recognize to THE SELLER, as interest payable in pesos, the highest interest rate authorized by the Superintendence of Finance during the default days effectively elapsed.

In order to calculate the late interests, the amount of the overdue invoice(s) in dollars shall be first converted to Colombian pesos at the market representative exchange rate, on their date of issuance, as per certification of the Superintendence of Finance of Colombia.

THE BUYER shall pay the invoices charging late interests thirty (30) calendar days after their reception by THE BUYER.

Both THE BUYER and THE SELLER understand that the invoices issued as well as the Contract hereof shall be a writ of execution and THE BUYER and SELLER expressly wave any private or judicial requirements to file as default.

THIRD PARAGRAPH: In case THE SELLER is interested in any factoring with the invoices issued in connection with this Commercial Offer, the option in first instance shall be offered to THE BUYER.

CLAUSE FOURTH. TERM OF THE CONTRACT: The validity of the Contract shall begin with the subscription of the same and shall comprise the term execution and liquidation.

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The term of the Contract shall commence with the fulfillment of the requirement of execution set forth in clause Fifteenth and will conclude on June 30 th, two thousand twelve (2012).

The parties shall carry out the respective minutes of iquidation within a term of four (4) months counted as of the date of termination of the term of execution of the Contract.

In case THE SELLER fails to attend the liquidation, or if there is no agreement on the content of the same within the term previously mentioned, THE SELLER expressly authorizes THE BUYER to proceed and carry out the unilateral liquidation in a term of two (2) months.

CLAUSE FIFTH. INSPECTION AND MEASUREMENT. The volume and quality shall be measured at the Delivery Point (s) defined in clause Sixth, and shall be conducted following the operational procedures established in the Measurement Manual of ECOPETROL S.A., attached herein as Annex 4. In case of amendments, additions or suppressions to the MMH, THE BUYER shall notify THE SELLER of such changes, which shall be mandatory since its notification. Qualified personnel shall conduct the measurements of volume and quality. THE BUYER'S or its associates stations or departments where the crude oil is received, shall certify the volume and quality (API, BSW and Salt) of the crude oil received daily.

FIRST PARAGRAPH: MEASURMENT OF VOLUME. The volume shall be calculated a Net Standard Volume (NSV) and shall be understood as the total volume of all oil liquids excluding sediment and water (BSW) at a standard temperature of 60º F. The measurment may be conducted with static or dynamic measurment applying the methods described in the MMH .

SECOND PARAGRAPH: MEASUREMENT OF QUALITY. The measurment of quality shall allow the real determination of the characteristics of the crude being the purpose of the Contract hereof. A representative sample shall be taken for its determination as described in the MMH, Chapters 8, 9, 10 and 14, and shall be used to establish the deviations which may affect the price of the crude oil.

The sulfur content of crude oil(s) for billing purposes will be the value reported by the Colombian Petroleum Institute (CPI) in accordance with the analysis made each semester by that institute performed for each crude oil. THE BUYER will update this information each semester to be delivered to THE SELLER. In the event that such sulfur content analysis is not available, the sulfur content for billing purposes will be the one established in the sixth paragraph of clause Second of this document, which will be in force until the CPI performs a new analysis, which will be informed to THE SELLER by THE BUYER. From the day following the receipt by THE SELLER of the analysis performed by CPI, the sulfur content for billing purposes will be the one established by THE BUYER in such report. When any of the parties considers appropriate, may request the performance by CPI of a new analysis of sulfur contents..

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When deemed appropriate, any of the parties may appoint an independent inspector to certify the quality and quantity at the point of delivery defined in CLAUSE SIXTH, and verify the capacity of the tanks or the calibration of the measurement and volume instruments. The costs of such analysis or inspections will be shared equally between THE BUYER and THE SELLER.

THE SELLER shall be in charge of making the payment of the independent inspector. **THE BUYER** shall pay **THE SELLER** one half of its share corresponding to the billing(s) of the independent inspector as a reimbursable expense pursuant to Paragraph Eighth of clause Second.

CLAUSE SIXTH. POINT (S) OF DELIVERY: THE BUYER and THE SELLER agree that the Delivery Point(s) and the transfer of the crude oil property right, purpose of this sales agreement, will be the inlet flange to the crude oil receipt tank(s) of SANTANA station, municipality of Puerto Asis, in the LACT UNIT/LAFERT UNIT, property of the CPR_SANTANA joint operation, the Dina Station tanks and/or the Orito Station tanks, with measurement of tanks and/or flow meter, following the procedures established in clause Fifth of the document hereof.

THE SELLER transfers to THE BUYER the crude oil property right at the Delivery Point(s). THE SELLER guarantees at the moment of delivery that the crude oil is free of any liens or financial claims by any government entity of any level, or of any natural or legal person of private law, in every respect, including those arising from taxes, rates, contributions, participation or royalties, domain limitation or any other judicial or extrajudicial measure that may restrict or limit the use or availability of the crude oil by THE BUYER. The costs associated with the transportation of the crude oil to the Delivery Point, along with the costs associated to the delivery of the crude oil, will be borne by THE SELLER.

FIRST PARAGRAPH: Any of the Parties may propose a change or addition of a Point of Delivery; in such case, the Parties by mutual agreement shall define the new Point (s) of Delivery and the conditions governing them by means of an amendment to be executed by the legal representatives of the Parties.

SECOND PARAGRAPH: The volumes to be received at each of the stations established in this clause will be determined on a monthly basis according to the transportation official schedule established by THE BUYER.

CLAUSE SEVENTH. SCHEDULE OF DELIVERIES: THE SELLER shall deliver to THE BUYER at the latest on the fifth (5) calendar day of each month a schedule of the estimated production and deliveries for the following quarter. THE BUYER will have five (5) business days to inform THE SELLER the total or partial acceptance of the presented program. If THE SELLER do not receive response of THE BUYER, within the set forth term, it will be understood that it has been fully accepted. In case of partial acceptance of the delivery schedule, THE SELLER may dispose and/or sell the crude oil not accepted. Taking into a account that the previous information is a basic premise for the planning process of THE BUYER, THE BUYER may refrain from receiving the crude oil in case THE SELLER fails to provide the schedule within the term indicated. Depending on the operation and restriction to the transportation in truck tankers the Parties may agree on modifications and adjustments to the delivery schedules, being sufficient a formal communication between the same.

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THE SELLER is bound to supply and keep track of the information of production on the field, liquidation of royalties, shipment by tank truck and/or pipelines, and indicate the participation and the property right on each, and the official receipt of the receiving station. For this purpose, THE SELLER shall send to THE BUYER on a daily basis the information requested, through THE BUYER'S volumetric integrator, which is available at THE BUYER'S web site. Copy of the Users' Manual is attached herein as Annex 5.

In the event that within the agreed term THE BUYER cannot receive at the Delivery Point(s) the total amount of crude oil, THE SELLER will be informed with at least three (3) calendar days in advance, and as soon as the contingency is overcome, THE BUYER will inform the date to resume the receiving.

Likewise, in the event that for reasons associated to the operation of the filed, THE SELLER cannot deliver the crude oil to THE BUYER on any of the dates established in the schedule, THE SELLER shall inform THE BUYER in writing with three (3) calendar days in advance to the corresponding delivery date, and as soon as the contingency is overcome, THE SELLER will inform the date to resume the deliveries.

In case of indicating a different site for the reception of crude, the parties shall made the adjustments set forth in the item of transportation and transportation tax of the formulas defined in clause Second based on the higher or lower value that transportation may have to the new Point(s) of Delivery defined by THE BUYER, considering for such purpose the current transportation fees at the time of occurrence of the situation. All the foregoing shall be stated for the record in a minutes or amendment executed by the Parties for such purpose.

CLAUSE EIGHTH. INDUSTRIAL SAFETY – HSE: THE SELLER is bound to keep in force hygiene, industrial safety and occupational health programs for the transportation operation of the Crude to the Point(s) of Delivery.

CLAUSE NINTH. ADMINISTRATION AND MANAGEMENT OF THE CONTRACT: The Authorized Official will appoint the administration and management of the Contract who will perform the powers and obligations set forth in Manual for the administration and management of Contracts of ECOPETROL S A, attached herein as Annex 6.

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THE BUYER will conduct to THE SELLER an evaluation each semester of its performance as Contractor, pursuant to the guidelines "Contractor's Performance Evaluation", which shall be provided by THE BUYER to the THE SELLER after the Contract has been perfected.

CLAUSE TENTH. ASSIGNMENT: THE SELLER shall not assign, sell or transfer the whole or part of its rights and obligations under the Contract that may arise upon the acceptance of the offer to any third party, without the previous written consent of THE BUYER.

CLAUSE ELEVENTH. EXPIRATION: THE BUYER may declare the expiration of the Contract and order the liquidation at any moment, when THE SELLER engage in conducts prohibited by Article 25 of Law 40, 1993 (payment of sums of money to profiteers, or when hiding or cooperating on behalf of any manager or delegate of THE SELLER in the payment of any ransom money for a kidnapped person that may be an official or employee of THE SELLER or any of its affiliates).

In the event of announcement of expiration of the contract, there will be no compensation for THE SELLER, who will be made subject to the penalties and inabilities provided in the law. The statement of lapse is a breach of the contract . THE SELLER will announce the lapse through a resolution, and THE SELLER will be notified timely. THE SELLER may file an appeal. THE SELLER will have the right, subject to the corresponding deductions according to the provisions of this document, to be paid for the part or the goods or services received at the satisfaction of THE BUYER until the date of the administrative act stating the expiration.

CLAUSE TWELFTH. FORCE MAJEURE, ACTS OF NATURE AND GROUNDS FOR EXEMPTION: The obligations of any of the parties in connection with the acceptance of this Offer that cannot be performed due to Force Majeure, Acts of Nature or Exculpatory Events, whether total or partial, will be suspended during the occurrence of the effects of such events.

The Party announcing the occurrence of a Force Majeure, Act of Nature or Exculpatory Events shall inform immediately by phone the other Party about the situation, with the date and start time, and the next day following the occurrence of such event, in writing along with the evidence that prove the occurrence of such event. The Party notified of the Force Majeure, Act of Nature or Exculpatory Events, may request further information that supports such announcement, and the affected Party shall send it within the next five business (5) days following the request. Any differences between the Parties in connection with such event will be solved in accordance with the mechanisms for dispute resolutions provided in clause Seventeenth of this document.

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The Party announcing the occurrence of a Force Majeure, Act of Nature or Exculpatory Events shall use their best efforts to remedy the cause that gave rise to the announcement, and shall inform the other Party the date and time when such event was overcome.

For all purposes of this Contract it is understood as Force Majeure or Act of Nature, any event that can be qualified as such according to the Applicable Law, which is unforeseeable and overpowering, duly proved, provided always that it is external to the Parties and it occurs without their fault or negligence.

The following acts shall be considered as events of Force Majeure or Acts of Nature: a) Epidemics, landslides, hurricanes, floods, avalanches, lightning, fire, tsunami, shipwreck, disaster in land, air, train, water and sea transportation that directly or indirectly contribute or result in the impossibility of the of the parties to fulfill their obligations. b) Acts or absence of acts of Government and the Legislative and judicial branches, including laws, orders, regulations, decrees, rulings, judicial actions, regulations, denial of the issuance, renewal or confirmation of permits and licenses granted by the Government or any competent authority with jurisdiction on production activities, treatment, picking-up, transportation, distribution handling buy-sell of crude oils and/or products that directly or indirectly contribute or result in the inability of any of the Parties to fulfill their obligations, or seriously and unfairly affect the interests of one or both Parties, or seriously affect their financial capacity. c) Acts of civil unrest including war, blockades, insurrections, riots, and serious threat of any of the foregoing, fully demonstrated, and actions of the armed forces in connection with or in response to any act of civil disorder that directly or indirectly contribute or result in the inability of any of the Parties to fulfill their obligations.

The following shall be considered as Exculpatory Events: a) the partial or total inability to operate and function, the pipelines, the truck tankers for the transportation of the crude oil; the connections or the facilities of any of the Parties caused by malicious acts beyond the direct control of THE SELLER and THE BUYER, without their fault, such as: terrorists or guerrilla attacks, sabotage, serious disturbances of public order that may result in, directly or indirectly, the inability of any of the parties to comply with their obligations; b)The emergency stops of the facilities of THE SELLER or THE BUYER c) industry disturbance acts, including work stoppage and strike, when such acts may result in the inability of THE BUYER to comply with their obligations, and c) industry disturbance acts, including work stoppage and strike, when such acts may result in the inability of THE SELLER to comply with their obligations.

PARAGRAPH FIRST: Under no circumstances, any changes in the financial situation of THE BUYER or THE SELLER may be considered as Exculpatory Events under the Contract hereof.

Neither THE BUYER nor THE SELLER shall be held responsible for non compliance or partial compliance of any or all of the obligations established in this agreement, when such failure to comply is caused by force majeure, act of nature or exculpatory events duly proven.

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Any Force Majeure, Acts of Nature and/or Exculpatory Events will not relieve THE BUYER of its obligations to pay THE SELLER the invoices related to the supply of crude oil that have been delivered by THE SELLER, according to the terms established in this Contract.

The occurrence of any of the events provided in this article shall not relieve under any circumstance to any of the Parties of the compliance with their contractual obligations, and/or those obligations incurred prior to the occurrence of the events mentioned in this clause.

CLAUSE THIRTEENTH. APPLICABILITY OF COLOMBIAN LAWS: This Contract is governed by Colombian Law.

CLAUSE FOURTEENTH. TAXES: Each of the parties of this buy-sell represents to be aware of and accepts all taxes and/or withholdings in accordance with the law in force. The payment of all national, departmental and municipal taxes, fees, contributions, quotes or similars that may arise by this Contract, but without being limited to those incurred as a result of the entering into, formalization, execution and termination or liquidation of the Contract hereof, arising after the date of the signature of the same, shall be borne by the party subject to the respective tax, who shall pay it pursuant to the law and the regulations in force.

CLAUSE FIFTEENTH. PUBLICATION: THE SELLER is responsible for the payment of the publication of the contract associated with this Offer on the Public Contracts Newspaper (*Diario Único de Contratación Pública*). THE SELLER shall send to THE BUYER a copy of the receipt corresponding to the deposit of such payment within three (3) business days following the acceptance of the Offer. THE BUYER shall send, in an original, to the Colombian National Printing the Sole Summary for Publication (*Extracto Único de Publicación*).

CLAUSE SIXTEENTH. COMPLETION AND EXECUTION: The Contract hereof is perfected upon execution of the same.

CLAUSE SEVENTEENTH. CONFLICT RESOLUTION: In the case of any differences, conflicts or disputes in connection with the interpretation, execution and application of this Contract, the Parties shall try to use the alternative solution mechanisms for conflicts legally regulated.

CLAUSE EIGHTEENTH. SPANISH LANGUAGE: This Contract is written in Spanish and is the only form of obligation between the Parties. Any translation to any other language will only be valid for reference purposes for the Parties, and under no circumstance may affect the meaning and construal of the Spanish version.

CLAUSE NINETEENTH. CONTRACT VALUE: The value of the Contract is undetermined.

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CLAUSE TWENTIETH. CONFIDENTIALITY: For the purposes of this Contract, the Party that discloses or reveals the information is called hereinafter the Disclosing Party, and the party that receives the information is called the Receiving Party. The Parties herein agree that all the information of technical, commercial, industrial or financial nature given and interchanged or prepared by the Parties during the development of the Contract, or that any of the Parties may develop, receive or obtain in regards to the Contract (hereinafter “Confidential Information” or “the information”) are subject to strict discretion and confidentiality during the term of the Contract and three (3) years following the expiration thereof.

For purposes of this Contract, it is not considered “Confidential Information” the information that: (i) is of public knowledge at the moment of its disclosure, or that may be of public knowledge after its disclosure through means different that the action or omission of the Receiving Party; (ii) is known by the Receiving Party before or at the receiving moment, or obtained under this Offer, without such knowledge being the cause of breach of any obligation of confidentiality; (iii) is developed by the Receiving Party independently, or based on information or documentation received from a third party, without this being in breach of any obligation of confidentiality; (iv) is received or obtained in good faith, by the Receiving Party, from a third party without this being in breach of any obligations of confidentiality; (v) its disclosure or revelation is required to the Receiving Party by the application of the legislation in force, administrative act, judicial order and or by any competent government entity with jurisdiction on the Party or its affiliates, or by the standards of any stock exchange in which the stocks of the Parties or corporations related are registered, in the terms and to the extent that this is required.

The Receiving Party may reveal the Confidential Information to their managers, officials, employees, agents, partners, representatives or associates, affiliates and subordinates (in general, the Representatives).

If any judicial or administrative authority requires that the Receiving Party, under the law, regulations or judicial ruling delivers any part of the Information, such Receiving Party may request the cooperation of the Disclosing Party, and if deemed appropriate, consult with the Disclosing Party about the measures to be taken in order to keep the confidentiality.

CLAUSE TWENTY-FIRST. SPECIAL OBLIGATIONS OF THE SELLER IN CONNECTION WITH THE PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM (LA/FT)

a. Fully comply with the legal provisions on prevention and control of assets laundering and the financing of terrorism (AL/FT) as they may be applicable, implementing with efficiency and timely the policies and procedures necessary for such purpose.

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b. Refrain from conducting any operations with persons or entities whose funds are the result of illegal activities contemplated in the Colombian Criminal Code or any regulation that substitutes, adds or amends it, or with those with serious doubts on the origin of their funds based on public information.

c. Respect and comply with the Code of Good Governance, the Policies of Integral Responsibility and Entrepreneurial Social Responsibility of Ecopetrol, the Code of Ethics and the policies on prevention, control and management of the risk of assets laundering and the financing of terrorism (LA/FT) of THE BUYER. For these purposes, THE SELLER represents to be aware of said documents.

d. In those cases in which activities considered of high risk of AL/FT are carried out, it is obliged to implement systems for the prevention of AL/FT.

e. Refrain from using its operations as an instrument to hide, handle, invest or take advantage in any manner, of money or any other goods derived from criminal activities, or to make them appear as legal, transactions and funds related to the same or destined to illegal activities.

f. Report to the THE BUYER (Telephones 018000917045 – (57-1-2343345 – 57-1-2344092) and denounce before the competent authorities any crimes he may be aware of (corruption, extortion, false documentation, assets laundering, financing of terrorism, and others), as required by article 67 of the Code of Criminal Procedures (Law 906 of 2004 and those that amend or supersede it).

g. Report to THE BUYER, any incidents or new events that may affect its image or reputation and/or those of THE BUYER, within three (3) business days after their occurrence in order to provide a handling with consensus of the same.

h. Provide a timely response on the information requirements and the clarifications as required by THE BUYER under the execution of the contract hereof.

CLAUSE TWENTY-SECOND EARLY TERMINATION:

22.1 THE SELLER or THE BUYER may terminate this buy-sell Contract at any time without the obligation to indemnify the other party for any kind of damage, provided however, that the party that wishes the early termination of the Contract delivers to the other party a written communication ten (10) calendar days prior to the date in which the Contract is to be terminated.

22.2. Likewise, any of the following activities in connection with the laundering of assets and the financing of terrorism shall be a motive for early termination of the contract, without entitlement of any indemnity for any kind of damage:

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1. When THE SELLER fails to comply with the legal provisions in connection with the prevention and control of assets laundering and the financing of terrorism, as they may be applicable.
2. When THE SELLER or any of its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, appear in the international listing binding for Colombia pursuant with international law (lists of the United Nations) or in the OFAC lists.
3. When there are against THE SELLER or any of its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, or their legal representatives and their members of the Board of Directors, any investigations or criminal proceedings for willful misconducts, or if there is public information with respect to such persons that may place THE BUYER before a legal or reputational risk.
4. When there may be situations, which may generate for THE BUYER any reputational, legal, operating or contagious risks in connection with assets laundering and/or the financing of terrorism.
5. When there may be situations of serious doubts on the legality of the operations of EL THE SELLEL, the legitimacy of its funds, or that THE SELLER has conducted transaction or operations destined to said activities or in favor of persons in connection therewith.
6. When there are errors, inconsistencies, discrepancies or falsehood in the documentation and information provided by THE SELLER for the subscription and execution of the Contract hereof.

22.3 Likewise the Parties may terminate the contractual relation when the other incurs in any of the following conducts:

1. Give up without justification on any threats from armed groups outside the law.
2. Receive, supply, administer, intervene, finance, transfer, keep, transport, storage or keep money or property resulting from or destined to such groups or collaborate and provide help to the same.
3. Build, assign, rent, place at their disposal, facilitate or transfer in any manner goods to be destined for the hiding of persons, or for the deposit or storage of belongings of said groups.
4. Stop, suspend or notoriously diminish the fulfillment of their contractual obligations following the instructions of said groups.
5. Failure to denounce any punishable acts, which may be attributable to said groups and known as a result of the Contract.

Regarding the foregoing, it shall be considered as an act of THE SELLER l the conduct of its agents or dependents, which he may be aware of.

CLAUSE TWENTY-THIRD. NOTICES: All notices, requests, communications or notifications between the Parties by virtue of this Contract shall be in writing and served at the time the corresponding document is filed in the address indicated hereunder.

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THE BUYER

ECOPETROL S.A.
Gerencia de Planeación y Suministro
Bernardo Castro Castro
Carrera 7 No. 37-69 Piso 7, Bogotá D.C.
Teléfono (+57) 1 234 4606
Fax (+57) 1 234 4869

THE SELLER

GRAN TIERRA ENERGY COLOMBIA LTD.
Gerencia Comercial
Calle 113 No. 7-80, piso 17
Teléfono (+57) 6585757
Fax (+57) 2139327

All communications sent via facsimile shall be considered as received upon receipt of the message of successful communication from the machine where the delivery is originated.

CLAUSE TWENTY FOURTH. DOMICILE: For all legal purposes the domicile of the Contract hereto shall be the city of Bogotá D.C.

In witness whereof, the Parties sign this Contract in D.C. on the twenty seventh (27) day of the month of July, of the year two thousand eleven (2011), in two (2) duplicates of the same content.

THE SELLER	**THE BUYER**
/s/ **JULIÁN GARCÍA SALCEDO**	/s/ **CLAUDIA L. CASTELLANOS R.**
JULIÁN GARCÍA SALCEDO Legal Representative	**CLAUDIA L. CASTELLANOS R.** Vice-president Supply and Marketing

Annex 1. Model of certification of application of AL/FT regulations for companies obliged to adopt systems of AL/FT prevention .

Annex 2. Certificate of shareholder's interests for associates, shareholders or partners with more than five (5%) interest in the corporate capital.

Annex 3. Procedure for Reimbursable Expenses. Delivered in CD.

Annex 4. Manual for Hydrocarbon Measurement of (MMH) ECOPETROL S.A. Delivered in CD.

Annex 5. User's Manual for the Volumetric Integrator of ECOPETROL S.A. Delivered in CD.

Annex 6. Manual for contract's management and administration of ECOPETROL S.A. Delivered in CD.

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ANEXO No. 1

MODEL OF CERTIFICATION OF APPLICATION OF AL/FT REGULATIONS FOR COMPANIES OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

OBLIGATORY ONLY FOR THOSE PARTIES THAT BY LEGAL REGULATIONS ARE OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

The purpose of this document is to certify to ECOPETROL S A that our entity has a SYSTEM FOR THE PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM, which fully complies with the applicable Colombian regulations.

Therefore, Julian Garcia, in my capacity as legal representative of GRAN TIERRA ENERGY COLOMBIA LTD (THE ENTITY), I hereby CERTIFY that:

1. The ENTITY is fully complying with Colombian the applicable norms and regulations concerning the prevention and control of assets laundering and the financing of terrorism.
   YES ☒ No ☐

2. The ENTITY has appropriate policies, manuals and procedures for the prevention and control of assets laundering and the financing of terrorism fully complying with the applicable regulations in force.
   YES ☒ No ☐

3. Has the ENTITY been involved in investigations for violations to laws regarding the assets laundering and the financing of terrorism?
   YES ☐ No ☒

4. Has the ENTITY been sanctioned or any of its employees or officers for violations to laws regarding assets laundering and the financing of terrorism?
   YES ☐ No ☒

Report the following data of the officer or employee concerning compliance:

Name:	David Hardy
Telephone:	(+1) (403) 265- 3221 Ext. 2247
e-mail:	davidhardy@grantierra.com
Address:	300, 625 – 11th Avenue SW, Calgary, Alberta, Canada T2R 0E1

We manifest that we authorize ECOPETROL S A to verify and confirm the information provided hereto directly or through the persons designed, including the effective application of the SYSTEM OF PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM inside our entity.

Comments:

ANNEX No. 2

Certificate of Shares Participation

Associates, Shareholders or Partners holding over five (5%) of interest in the corporate capital

This certification is only requested in the case of legal persons in which, given their nature, their shareholders, partners or associates do not appear in the certificate of the chamber of commerce

I, hereby certify that the associates, shareholders or partners holding over FIVE (5%) of interest in the corporate capital of the entity I represent are the natural or legal persons appearing in the following list:

NAME OF SHAREHOLDER PARTNER OR ASSOCIATE	IDENTIFICATION	NUMBER OF SHARES QUOTA OR PARTS OF INTEREST	PARTICIPATION IN THE CORPORATE CAPITAL (%)

I hereby certify that the real beneficiaries and controllers [1]

Name	Identification

Name of the entity: Gran Tierra Energy Colombia Ltd.
Tax ID:
Name of Legal Representative: Julian Garcia
Identification Number:
Signature Legal Representative: /s/ Julian Garcia
Not applicable due to Gran Tierra is a branch of a foreign company and therefore has no legal personality independent of its parent.

[1] It is understood as "real beneficiary" or "controller" any person or group of persons who, directly or indirectly, by himself or through any third party, by virtue of any contract, agreement or otherwise has, with respect to any share or quote of a company, or may have any decision capacity or control over said company.

CONTRACT: **VSM-GPS-XXX-2011**

PURPOSE: **PURCHASE AND SALE OF CRUDE OIL CHAZA, SANTANA AND GUAYUYACO**

SELLER: **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED**

VALUE: **UNDETERMINED**

The contracting parties: **ECOPETROL S.A.**, a decentralized entity of national order, incorporated by means of Law 165 of 1948, with Tax ID No. 899-999-068-1, organized as a Mixed Economy Company according to the dispositions of article No. 2 of Law 1118 of 2006, attached to the Ministry of Mines and Energy, with domicile in Bogota D.C., whose Corporate By-laws are contained in Public Deed No. 5314 of December 14, 2007 granted in Notary Second of the Notaries Circle of Bogotá D C and registered in the Chamber of Commerce of Bogotá D. C., hereinafter referred in this Contract as **THE BUYER**, represented by, **CLAUDIA L. CASTELLANOS R.** of age and domiciled in this city, identified with citizenship card No. 63.314.635 issued in Bucaramanga, who in capacity of Vice-president of Supply and Marketing and with authorization contained in the Delegation Manual, acts on behalf of this Company, and on the other hand, **SOLANA PETROLEUM EXPLORATION COLOMBIA LIMITED**, with Tax ID No. 830.051.027-8, hereinafter **THE SELLER** represented by **JULIÁN GARCÍA SALCEDO**, identified with citizenship card No. 19.421.914 issued in Bogotá, who acts in his capacity as Legal Representative and is duly authorized to execute this Contract as recorded in the attached incorporation and representation certificate, who states that neither he nor the company he represents are disqualified on grounds of disability or any inconsistency according to the Constitution or the law, that might prevent them from entering into this Contract.

Under the previous conditions, both **THE BUYER** and **THE SELLER**, jointly known as the Parties and individually as the Party, agree to execute the Contract herein taking into consideration the following:

RECITALS AND REPRESENTATIONS

1. That on June 27, 2005, the Agencia Nacional de Hidrocarburos and **THE SELLER** entered into a Contract for the Exploration and Production of Hydrocarbons called Chaza.

2. That on September 30, 2002, Ecopetrol S A and THE SELLER entered into an Association Contract called Guayuyaco.

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3. That, THE SELLER holds 50% of the crude production resulting from field Chaza and 35% from field Guayuyaco, all percentages previously mentioned shall be after deducting the percentage corresponding to the shared of ECOPETROL and/or the royalties.

4. That for purposes of the execution of this Contract, THE BUYER previously verified the Bulletin of Fiscal Responsibility developed and published by the General Comptroller of the Republic of Colombia, in which THE SELLER does not appear as one of the people who have been determined by a judicial and firm decision as fiscally responsible. Likewise, THE BUYER implemented the control mechanisms in connection with the prevention of assets laundering and developed the instruments for the adequate implementation of the same in compliance with the Policy for Prevention of Assets Laundering (AL) and the Financing of Terrorism (FT).

5. That in accordance with the provisions in the Delegations Manual of the Company, the **Vice-President of Supply and Marketing** is the competent person to enter into this Contract.

6. That THE BUYER in its budget expenses has the respective budget availability for the execution of the Contract hereof.

7. That in accordance with the provisions contained in the Contracting Manual of THE BUYER and having analyzed the nature and manner of implementing the performance of the Parties on the occasion of this Contract, the Authorized Officer has classified the risk as low, and therefore dispenses the need to require a bond from THE SELLER.

8. That considering the contractual planning, the areas of Labor Relations Risk, Coordination of Risks, Coordination of Budget and Accounting and Tax Coordination of ECOPETROL S.A. were consulted, in order to avoid any labor, tax, environmental, and other risks that may be generated for Ecopetrol as a result of the execution and implementation of this Amendment.

9. That in compliance with the Policy for the Prevention of Assets Laundering and the Financing of Terrorism adopted by THE BUYER, the Legal Representative of THE SELLER represents under the seriousness of oath and subject to the sanctions of the Colombian Criminal Code:

   I. That my funds (or the funds of the entity I represent) are generated in legal activities and are linked to the normal development of my activities (or activities inherent to the corporate purpose of the company represented), and otherwise, said funds do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.
   II. That I (or the entity I represent) have not made any transactions or operations destined to illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it, or in favor of persons in connection with said activities.

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III. That the funds committed in the contract or legal relation with THE BUYER do not come from any illegal activity as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.

IV. That in the execution of the contract or legal relation with THE BUYER, I will not contract or have any relations with any third parties that carry out operations or whose funds are coming from illegal activities as contemplated in the Colombian Criminal Code or in any regulation that substitutes, adds or amends it.

V. That the entity I represent complies with all regulations on prevention and control to assets laundering and the financing of terrorism) AL/FT) as may be applicable (as the case might be), having implemented the policies, procedures and mechanisms for the prevention and control to AL/FT derived from said legal provisions. A model of certification is attached in annex 1.

VI. That neither I, nor the entity I represent, nor its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, or its legal representatives and members of the Board of Directors are in the international listings related to Colombia in accordance with international law (United Nations listings) or in the OFAC listings, being THE BUYER authorized to conduct the verifications as deemed pertinent and to terminate any commercial or legal relationship if proved that any of such persons are found in said listings. A model of certification is attached in annex 2.

VII. That there are no investigations or criminal proceedings for any offenses of willful misconduct against me or against the entity I represent, its shareholders or partners, that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contributions or participation, or its legal representatives and its members of the Board of Directors, being THE BUYER authorized to make the verifications as deemed pertinent in data bases or in local or international public information or tot terminate any commercial or legal relationship if proved that against any of such persons there are investigations or proceedings or the existence of information in said public data bases that may place THE BUYER in front of a legal or reputational risk.

VIII. That in the event of occurrence of any of the circumstances described in the two paragraphs above, the commitment is to communicate it immediately to THE BUYER.

IX. That with the signature of this document, it is understood that, both me as well as the natural or legal person represented, grant our informed consent, and therefore, authorize THE BUYER to communicate to the local authorities or the authorities of any of the countries in which THE BUYER conducts operations, on any of the situations described in this document, as well as to provide to the competent authorities of such countries all the personal, public and private information, as required from me or the natural or legal person represented; and likewise for THE BUYER to make the reports to the competent authorities as considered pertinent in accordance with its regulations and manuals in connection with its system of prevention and/or management the risk of assets laundering and the financing of terrorism, waving it from any responsibility for such action.

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X. That all the documentation and information provided for entering into and execution of the contract or legal business with THE BUYER is true and accurate, being THE BUYER authorized to make any verifications as deemed pertinent and to terminate the contract or legal business if proved or becomes aware otherwise.
XI. That no other natural or legal person has any non-legitimate interest in the contract or legal business that motivates the subscription of the statement hereof.
XII. That I am aware, represent and accept that THE BUYER has the legal obligation to request any clarifications as deemed pertinent in the event of circumstances based on which THE BUYER may have reasonable doubts concerning my operations or the operations of the natural or legal person I represent, as well as the origin of our assets, in which case we are committed to provide the respective clarifications. If these are not satisfactory under THE BUYER'S criteria, we authorize to terminate the commercial or legal relation.

Based on the above, the Parties,

AGREE

CLAUSE FIRST. PURPOSE AND VOLUMES: THE BUYER undertakes the obligation to acquire and pay 100% of all the crude oil owned by THE SELLER produced in the Risk Shared Contract (CPR-Santana), the Association Contract Guayuyaco and produced in the "Chaza" Block, and THE SELLER on the other hand undertakes the obligation to sell and deliver 100% of the crude oil of its property pursuant with CLAUSE SEVENTH of the delivery program. This Contract does not include the volume of crude corresponding to royalties.

For purposes of this Contract, one barrel is equivalent to one hundred fifty eight point nine hundred eighty eight (158.988) liters.

FIRST PARAGRAPH: DESTINATION OF THE CRUDE OIL. THE BUYER shall destine the crude purchased for export through the port of Tumaco. THE BUYER, upon prior written notice to THE SELLER may additionally: i) destine the crude of this Contract for export through other ports and/or ii) use it for refinery.

CLAUSE SECOND. PRICE: The price to be paid for the crude oil of this Contract, placed in the Delivery Point (s) indicated in clause sixth of this document shall be established as indicated hereunder for the different components which comprise the following formula(s):

A. For crude oil exported as Southblend by the port of Tumaco and received at the Orito Station:

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Crude Price = WTI – Marker Discount +/- Adjustment for Quality – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

WTI: Corresponds to the arithmetic average of the daily quote of the West Texas Intermediate crude, WTI NYMEX, in dollars per barrel of the month of deliveries.

Marker Discount: Corresponds to the average discount of export of THE BUYER of South Blend Crude by the Port of Tumaco negotiated for the month after the month of delivery of crude. If no exports are made and therefore no export discounts are negotiated for the month of deliveries, it shall correspond to the parties to apply as Marker Discount the average export discount negotiated for the following month in which the export is made. THE BUYER shall report this discount. The reference quality of the South Blend Crude is 29.3 ° API and 0.62% Sulfur (S), and the same shall be monthly updated with real average data of the exports made by THE BUYER by the Port of Tumaco.

Adjustment for Quality: Shall be established in accordance with the provisions in the Fifth Paragraph of this numeral.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees established by the Ministry of Mines and Energy for pipelines between the Orito Station and the Port of Tumaco. The transportation fees for pipelines are updated at the beginning of each year by the "Phi" Factor as indicated by the Ministry of Mines and Energy. The applicable fees for the year 2011 are:

Section	MME Fee 100% Base Fee US$/Bl
Orito - Tumaco	2.9141
Total Transportation	**2.9141**

The fee above shall be modified after approval of the new fee for the system based on the methodology for establishing fees as defined by the Ministry of Mines and Energy in Resolutions 124386 and 124547 of 2010 or those regulations amending, adding or superseding it. To do this, **THE BUYER** shall notify **THE SELLER** about the new fee approved.

Port Operation Fee: Corresponds to an amount of fifty five USD per barrel (US$/BI 0.55) which covers the loading operation from the reception of product in the terminal until delivered by the line to the platform or Mono-buoy respectively. The fee amount is presently under review by the Vice-presidency of Transportation, therefore, it may be updated and shall be in force once it is established in firm and made official to all third parties. THE BUYER shall notify THE SELLER about the new approved fee.

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Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia for transportation systems indicated in the previous point based on the following detail:

Section	MME US$/BI Fee	% Transportation Tax	US$/BI Transportation Tax
Orito - Tumaco	2.9141	2%	0.0583
Total Transportation Tax			**0.0583**

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.5) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, bonds, hedging of risks related to market variations and operational risks.

B. For crude oil exported as Southblend by the port of Tumaco and received at the Santana Station:

Crude Price = WTI – Marker Discount +/- Adjustment for Quality – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

WTI: Corresponds to the arithmetic average of the daily quote of the West Texas Intermediate crude, WTI NYMEX, in dollars per barrel of the month of deliveries.

Marker Discount: Corresponds to the average discount of export of THE BUYER of South Blend Crude by the Port of Tumaco negotiated for the month after the month of delivery of crude. If no exports are made and therefore no export discounts are negotiated for the month of deliveries, it shall correspond to the parties to apply as Marker Discount the average export discount negotiated for the following month in which the export is made. THE BUYER shall report this discount. The reference quality of the South Blend Crude is 29.3 ° API and 0.62% Sulfur (S), and the same shall be monthly updated with real average data of the exports made by THE BUYER by the Port of Tumaco.

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Adjustment for Quality: Shall be established in accordance with the provisions in the Fifth Paragraph of this numeral.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees established by the Ministry of Mines and Energy for pipelines between the Orito Station and the Port of Tumaco. The transportation fees for pipelines are updated at the beginning of each year by the "Phi" Factor as indicated by the Ministry of Mines and Energy. The applicable fees for the year 2011 are:

Section	MME US$/BI 100% Base Fee Year
Orito - Tumaco	2.9141
La Ye – Orito	0.2961
Total Transportation	**3.2101**

The fee above shall be modified after approval of the new fee for the system based on the methodology for establishing fees as defined by the Ministry of Mines and Energy in Resolutions 124386 and 124547 of 2010 or those regulations amending, adding or superseding it. To do this, THE BUYER shall notify THE SELLER about the new fee approved.

Port Operation Fee: Corresponds to an amount of fifty five USD per barrel (US$/BI 0.55) which covers the loading operation from the reception of product in the terminal until delivered by the line to the platform or Mono-buoy respectively. The fee amount is presently under review by the Vice-presidency of Transportation, therefore, it may be updated and shall be in force once it is established in firm and made official to all third parties. THE BUYER shall notify THE SELLER about the new approved fee.

Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia for transportation systems indicated in the previous point based on the following detail:

Section	MME US$/BI Fee	% Transportation Tax	US$/BI Transportation Tax
Orito - Tumaco	2.8786	2%	0.0583
La Ye – Orito	0.2924	2%	0.0059
Total Tax			**0.0642**

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Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.5) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, guarantees, hedging of risks related to market variations.

C. For crude oil exported as "Oriente" Crude by Ecuador:

Crude Price = Marker Discount – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

Each of the above terms is defined as follows:

Marker: Corresponds to the weighted average real price of exports made by THE BUYER of Oriente crude by the port of Balao.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees:

- Fee La Ye – Orito (established by the Ministry of Mines and Energy): 0,0540 USD/Bl.
- Fee Orito – San Miguel (established by the Ministry of Mines and Energy): 0,1387 USD/Bl
- Fee charged by PETROECUADOR for the transportation of crude.

Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia for transportation systems indicated in the previous point. For the Ecuador trench the respective tax, if applicable, shall be taken into account from the delivery site to the loading port.

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.50) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, bonds, hedging of risks related to market variations.

D. For crude oil delivered at the DINA Station for export by the port of Coveñas or for refining:

Crude Price = WTI – Marker Discount +/- Adjustment for Quality – Transportation (Site of Delivery/Port of Loading) – Transportation Tax – Handling and Commercialization Fee.

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Each of the above terms is defined as follows:

WTI: Corresponds to the arithmetic average of the daily quote of the West Texas Intermediate crude, WTI NYMEX, in dollars per barrel of the month of deliveries.

Marker Discount: Corresponds to the weighted average per volume of export of ECOPETROL group of export mix Vasconia for the month of delivery. THE BUYER shall report this value monthly. The quality reference for Vasconia crude is 24.8° API and 0.97 % Sulphur (S). In case Ecopetrol does not make any exports in the month of deliveries, the marker discount shall correspond to the average export discount of Crude export mix Vasconia reported by Argus and Platts for the month minus 1 of deliveries. EL COMPRADOR shall report this value monthly.

Adjustment for Quality: Shall be established in accordance with the provisions in the Fifth Paragraph of this article.

Transportation (Site of Delivery/Port of Loading): This is determined as the sum of the fees established by the Ministry of Mines and Energy for pipelines between the Orito Station and the Port of Tumaco. The transportation fees for pipelines are updated at the beginning of each year by the "Phi" Factor as indicated by the Ministry of Mines and Energy. The applicable fees for the year 2011 are:

Section	**MME US$/BI 100%** **Base Fee** Year 2011 MME US$/Bl
Tenay -Vasconia	1,4163
Vasconia – Coveñas ODC	1,5471
Total Transportation	**2,9634**

The fee above shall be modified after approval of the new fee for the system based on the methodology for establishing fees as defined by the Ministry of Mines and Energy in Resolutions 124386 and 124547 of 2010 or those regulations amending, adding or superseding it. To do this, THE BUYER shall notify THE SELLER about the new fee approved.

Transportation Tax: It is determined according to the provisions in Article 52 of the Petroleum Code of Colombia (or the regulation that modifies it) for transportation systems indicated in the previous point based on the following detail:

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Section	MME US$/BI 100% Base Fee	% Transportation Tax	US$/BI Transportation Tax
Tenay –Vasconia	1,4163	6%	0,085
Vasconia – Coveñas ODC	1,5471	6%	0,091
Total Tax			**0,176**

Handling and Commercialization Fee: Corresponds to the value of one dollar and fifty cents of US dollars per barrel (US$/Bl 1.50) to cover expenses related to refining and/or export of crude such as: administration, commercialization fee, insurances, guarantees, hedging of risks related to market variations.

FIRST PARAGRAPH: The price determined by the aforementioned formula comprises the different costs of transportation, handling, measurement and transportation taxes bore by THE SELLER and generated until the delivery of the crudes being the purpose of this purchase-sale at the Delivery Point(s); therefore THE BUYER shall not make any additional acknowledgement on such items.

SECOND PARAGRAPH: When the parties agree on Delivery Point(s) different from those established in article six (6) of this document, the price formula set out in this article shall be modified in the transportation item, taking into account the fees and transportation tax of crude for the pipeline in force between the Delivery Point(s) and the export port that applies. Additionally, the marker shall be modified as the case may be.

THIRD PARAGRAPH: The reception and inspection costs in the case of stations agreed between the parties and not operated by ECOPETROL, shall be recognized directly by THE SELLER to the respective operating company. THE BUYER shall not make any additional acknowledgment on said items.

FOURTH PARAGRAPH: PRICE RENEGOTIATION. The parties may request a review of the price established in this article provided that any of the following events occur:

a) A change of more or less two (2) API grades in the quality of crude oil produced in the field/area/block contracted.

b) A change of more or less two (2) API grades in the quaity of Marker Crude during three (3) consecutive months . In this event the request for review shall be made during the following month to the period of three (3) consecutive months.

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c) In the event the Marker Crude disappears and it becomes necessary to define a new Marker.

The Parties shall have a term of thirty (30) business days to negotiate. In case of reaching an agreement, this shall be stated for the record by signing an amendment between THE BUYER and THE SELLER and its contents shall apply from the day after the date in which said amendment is executed.

If, at the end of thirty (30) business days there is not an agreement, THE BUYER or THE SELLER may inform to the other, its intention to terminate the Contract pursuant to clause Twenty Second of this Contract.

The termination is not a waiver for the Parties to fulfill the obligations that may have been caused.

FIFTH PARAGRAPH: ADJUSTMENT FOR QUALITY. The adjustments for quality (API Gravity and Sulfur) shall be made if the following two conditions are met:

1. That the average of daily deliveries of crude owned by THE SELLER (in volume) be higher than 10% of the daily average of:
   a. The total current of SouthBlend dispatched by the "Trasandino" Pipeline for the month of deliveries, for the case of deliveries at Orito and Santana.
   b. For total exports of Vasconia Mix by the port of Coveñas for the month of deliveries, for the case of deliveries at Dina.
2. That the quality of marker crude for the case of deliveries at Orito and Santana, monthly updated pursuant to the provisions in this document has to be:
   a. Higher than 31°API or lower than 29°API and/or
   b. Higher than 0,7% Sulfur or lower than 0,5% Sulfur.

If the two previous conditions are met, it shall be compared monthly in terms of API and % of sulfur the qualities of the marker, monthly updated as set out in this document, and the crude being the purpose of this purchase-sale, applying bonuses or penalties to the price if better or worse quality than the marker is delivered as follows:

- <u>Correction for API:</u> +/- 0.53 US$/Unit of API or proportionally by fraction. Price adjustments shall be positive for API gravities of crude above the reference value for marker crude and negative for lower gravities .

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- Correction for sulfur: +/- 1,98 US$/Unit of % of sulfur in weight or proportionally by fraction. Price adjustments shall be positive for percentage of sulfur in the crude below the reference value for marker crude and negative for higher values.

SIXTH PARAGRAPH: API and Sulfur coefficients of adjustments for quality referred to in this clause shall be reviewed each year after the signature of the Contract hereof. Any changes in the coefficients shall be stated for the record by signing an amendment between THE BUYER and THE SELLER and its contents shall apply from the day after the date in which said amendment is executed.

If, at the end of thirty (30) business days there is not an agreement, THE BUYER or THE SELLER may inform to the other, its intention to terminate the Contract pursuant to clause Twenty Second of this Contract.

The termination is not a waiver for the Parties to fulfill the obligations that may have been caused.

SEVENTH PARAGRAPH: **QUALITY SPECIFICATIONS**. THE BUYER shall certify the quality of crude received on the site of delivery as indicated in clause sixth and the following quality specifications shall be fulfilled:

Field	**° API Minimum**	**SULFUR (% in weight) Maximum**	**BSW (% in volume) Maximum**	**SALT (Lb/1000Bls) Maximum**
Santana and Guayuyaco	29.0°	0.7	0.5	20.0
Chaza	29.6°	0.41	0.5	20.0

1. The crude density shall be determined by the laboratory method ASTM-D-1298 (Method to determine density, specific density (specific Gravity) or API Gravity or crude and liquid petroleum products by the Hydrometer method).
2. The water and content sediment, BSW, shall be determined by the methods:
   Water in suspension ASTM-D4377 "Method to determine water in crude oils by potentiometric titration Karl Fisher and
   Sediments ASTM-D473 "Method to determine sediments in crude and fuel oils by extraction",
   For content of water and sediments in crude individual maximum values shall be accepted of: 0.5% in volume for water and 0.01% in volume for sediments.
3. The sulfur content shall be determined by the method ASTM-D4294 "Method to determine sulfur in crude and oil products by dispersive energy of X rays of spectrometry of fluorescence".
4. The salt content shall be determined by the method ASTM-D3230 "Method to determine salt in crudes by the electrometric method".

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When specifications of BSW, Salt and sulfur herein indicated are not within the allowed margin, THE BUYER reserves the right to receive crude oils and buy them with an adjusted price. In these cases the crude price shall be adjusted as follows:

Corrections for BSW and Salt – shall be applied according to the following tables:

BSW Content % in Volume	**Correction**(US$/Barrel)	**Assumed by**
0.51 to 0.80	0.10	THE SELLER
0.81 to 1.00	0.20	THE SELLER
1.01 to 1.20	0.30	THE SELLER
1.21 to 1.50	0.40	THE SELLER
> 1.51	Rejected	
Salt Content Lbs per thousand Barrels	**Correction** (US$/Barrel)	**Assumed by**
20.1 to 30.0	0.160	THE SELLER
30.1 to 40.0	0.180	THE SELLER
40.1 to 60.0	0.200	THE SELLER
60.1 to 80.0	0.220	THE SELLER
80.1 to 100.0	0.240	THE SELLER
> 100.0	Rejected	

It is understood that THE SELLER shall make its best efforts to deliver the crude oils being the purpose of this contract with the BSW and Salt contents within the parameters agreed in the previous tables. These corrections shall be applied to daily deliveries for each batch delivered.

In case the crude deliveries exceed the maximum values of table (1.51 % BSW and 100 pounds per thousand barrels of slat), and if THE BUYER decides to choose the reception of crude, the Parties shall agree on the value of the corresponding correction which shall be stated for the record in a Minutes/Amendment signed by the parties. In case an agreement is not reached, **THE BUYER** may reject the crude.

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EIGHTH PARAGRAPH: **Reimbursable Expenses:** Reimbursable expenses shall not be higher than forty million pesos (COP$40,000,000) before VAT and **THE BUYER** shall have to previously authorize and approve them. This shall include only and exclusively the cost of the independent inspector referred to in Paragraph Second of clause Fifth of the Contract hereof.

The amount of reimbursable expenses shall not be part of the value of the Contract. The handling of reimbursable expenses shall be made in accordance with the current procedures that **THE BUYER** has for this kind of expenses (annex 3).

CLAUSE THIRD. INVOICING AND PAYMENT: THE SELLER shall invoice and charge THE BUYER the value of the crude sold according to the terms of this document, at the Planning and Supply Management Office in Bogotá, within the first ten (10) business days of the month, after the month of the delivery of crude to THE BUYER. Within the first seven (7) calendar days of the month after the deliveries, THE BUYER shall provide THE SELLER the information the latter may require to make the corresponding invoice. Invoices shall be filed at the Planning and Supply Management Offices of THE BUYER in Bogotá and its date of presentation valid for the payment shall be the date of reception at the accounts payable office of THE BUYER in Bogotá. The invoicing shall be made based on the net volumes, free of water and sediment, corrected at sixty (60) Fahrenheit degrees received at the Delivery Point. For invoice approval it is necessary to present the official forms Table No 4 and/or Form No. 9SH from the Ministry of Mines and Energy. Provisional Table No 4 and forms may be accepted, but quarterly, THE SELLER shall submit to THE BUYER copy of Tables No 4 and/or Form No. 9SH of the previous quarter duly filled in and signed by the Ministry of Mines and Energy.

Considering the authorization of payments in foreign exchange stated in article 51 of External Resolution Number 8 of 2000 of the Board of Directors of the Central Bank, which provides that the purchase-sales of crude oil and natural gas produced in the country may be paid in foreign exchange by THE BUYER and all other entities engaged in the industrial activity of refining oil, the invoicing made by THE SELLER for the provision of crude to THE BUYER shall be made in dollars of the United States of America.

In all cases payment shall be made thirty (30) calendar days after the filing of the invoices duly filled in, and after any legal withholdings, if applicable. THE SELLER shall communicate to THE BUYER in advance, and in writing, the bank account in which the respective payment shall be made.

FIRST PARAGRAPH: THE BUYER shall have a period of ten (10) calendar days, counted as of the reception of the invoices for the sale of crude oil, to review or object them. In case of any objections on the invoices, the date of reception shall be the date of filing of the new invoice. THE BUYER shall inform THE SELLER within the term established of any invoice objected, so that it may be adjusted and corrected, clearly specifying the items to be adjusted or corrected and the corresponding motives. THE SELLER shall respond any objection within ten (10) business days after reception of the same, counted as of the time in which THE BUYER submits to THE SELLER all documents supporting the objection, unless the Parties determine by common agreement to extend this term, if the complexity of the objection or any other circumstance thus requires so.

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In case THE SELLER does not respond the objection within the term described, the objection shall be understood as accepted by THE SELLER. If THE SELLER resolves the objection in favor of THE BUYER, it shall be understood that there was no payment obligation on the invoice originally filed, being the purpose of the objection. If THE SELLER resolves the objection in its favor, THE BUYER shall be obliged to pay the amount unpaid. In order to resolve any discrepancy, each of the Parties shall submit to the other Party copy of the documents, which originated the invoice and the objection. In the event THE BUYER is in disagreement with the decision of THE SELLER, the former may apply the provisions in clause seventeenth of this document.

SECOND PARAGRAPH: In case of any unjustified delay in the payment of invoices not objected on time by THE BUYER, in accordance with the provisions in the first paragraph of this article, THE BUYER shall recognize to THE SELLER, as interest payable in pesos, the highest interest rate authorized by the Superintendence of Finance during the default days effectively elapsed.

In order to calculate the late interests, the amount of the overdue invoice(s) in dollars shall be first converted to Colombian pesos at the market representative exchange rate, on their date of issuance, as per certification of the Superintendence of Finance of Colombia.

THE BUYER shall pay the invoices charging late interests thirty (30) calendar days after their reception by THE BUYER.

Both THE BUYER and THE SELLER understand that the invoices issued as well as the Contract hereof shall be a writ of execution and THE BUYER and SELLER expressly wave any private or judicial requirements to file as default.

THIRD PARAGRAPH: In case THE SELLER is interested in any factoring with the invoices issued in connection with this Commercial Offer, the option in first instance shall be offered to THE BUYER.

CLAUSE FOURTH. TERM OF THE CONTRACT: The validity of the Contract shall begin with the subscription of the same and shall comprise the term execution and liquidation.

The term of the Contract shall commence with the fulfillment of the requirement of execution set forth in clause Fifteenth and will conclude on June 30 th, two thousand twelve (2012).

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The parties shall carry out the respective minutes of iquidation within a term of four (4) months counted as of the date of termination of the term of execution of the Contract.

In case THE SELLER fails to attend the liquidation, or if there is no agreement on the content of the same within the term previously mentioned, THE SELLER expressly authorizes THE BUYER to proceed and carry out the unilateral liquidation in a term of two (2) months.

CLAUSE FIFTH. INSPECTION AND MEASUREMENT. The volume and quality shall be measured at the Delivery Point (s) defined in clause Sixth, and shall be conducted following the operational procedures established in the Measurement Manual of ECOPETROL S.A., attached herein as Annex 4. In case of amendments, additions or suppressions to the MMH, THE BUYER shall notify THE SELLER of such changes, which shall be mandatory since its notification. Qualified personnel shall conduct the measurements of volume and quality. THE BUYER'S or its associates stations or departments where the crude oil is received, shall certify the volume and quality (API, BSW and Salt) of the crude oil received daily.

FIRST PARAGRAPH: MEASURMENT OF VOLUME. The volume shall be calculated a Net Standard Volume (NSV) and shall be understood as the total volume of all oil liquids excluding sediment and water (BSW) at a standard temperature of 60º F. The measurment may be conducted with static or dynamic measurment applying the methods described in the MMH .

SECOND PARAGRAPH: MEASUREMENT OF QUALITY. The measurment of quality shall allow the real determination of the characteristics of the crude being the purpose of the Contract hereof. A representative sample shall be taken for its determination as described in the MMH, Chapters 8, 9, 10 and 14, and shall be used to establish the deviations which may affect the price of the crude oil.

The sulfur content of crude oil(s) for billing purposes will be the value reported by the Colombian Petroleum Institute (CPI) in accordance with the analysis made each semester by that institute performed for each crude oil. THE BUYER will update this information each semester to be delivered to THE SELLER. In the event that such sulfur content analysis is not available, the sulfur content for billing purposes will be the one established in the sixth paragraph of clause Second of this document, which will be in force until the CPI performs a new analysis, which will be informed to THE SELLER by THE BUYER. From the day following the receipt by THE SELLER of the analysis performed by CPI, the sulfur content for billing purposes will be the one established by THE BUYER in such report. When any of the parties considers appropriate, may request the performance by CPI of a new analysis of sulfur contents..

When deemed appropriate, any of the parties may appoint an independent inspector to certify the quality and quantity at the point of delivery defined in CLAUSE SIXTH, and verify the capacity of the tanks or the calibration of the measurement and volume instruments. The costs of such analysis or inspections will be shared equally between THE BUYER and THE SELLER.

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THE SELLER shall be in charge of making the payment of the independent inspector. **THE BUYER** shall pay **THE SELLER** one half of its share corresponding to the billing(s) of the independent inspector as a reimbursable expense pursuant to Paragraph Eighth of clause Second.

CLAUSE SIXTH. POINT (S) OF DELIVERY: THE BUYER and THE SELLER agree that the Delivery Point(s) and the transfer of the crude oil property right, purpose of this sales agreement, will be the inlet flange to the crude oil receipt tank(s) of SANTANA station, municipality of Puerto Asis, in the LACT UNIT/LAFERT UNIT, property of the CPR_SANTANA joint operation, the Dina Station tanks and/or the Orito Station tanks, with measurement of tanks and/or flow meter, following the procedures established in clause Fifth of the document hereof.

THE SELLER transfers to THE BUYER the crude oil property right at the Delivery Point(s). THE SELLER guarantees at the moment of delivery that the crude oil is free of any liens or financial claims by any government entity of any level, or of any natural or legal person of private law, in every respect, including those arising from taxes, rates, contributions, participation or royalties, domain limitation or any other judicial or extrajudicial measure that may restrict or limit the use or availability of the crude oil by THE BUYER. The costs associated with the transportation of the crude oil to the Delivery Point, along with the costs associated to the delivery of the crude oil, will be borne by THE SELLER.

FIRST PARAGRAPH: Any of the Parties may propose a change or addition of a Point of Delivery; in such case, the Parties by mutual agreement shall define the new Point (s) of Delivery and the conditions governing them by means of an amendment to be executed by the legal representatives of the Parties.

SECOND PARAGRAPH: The volumes to be received at each of the stations established in this clause will be determined on a monthly basis according to the transportation official schedule established by THE BUYER.

CLAUSE SEVENTH. SCHEDULE OF DELIVERIES: THE SELLER shall deliver to THE BUYER at the latest on the fifth (5) calendar day of each month a schedule of the estimated production and deliveries for the following quarter. THE BUYER will have five (5) business days to inform THE SELLER the total or partial acceptance of the presented program. If THE SELLER do not receive response of THE BUYER, within the set forth term, it will be understood that it has been fully accepted. In case of partial acceptance of the delivery schedule, THE SELLER may dispose and/or sell the crude oil not accepted. Taking into a account that the previous information is a basic premise for the planning process of THE BUYER, THE BUYER may refrain from receiving the crude oil in case THE SELLER fails to provide the schedule within the term indicated. Depending on the operation and restriction to the transportation in truck tankers the Parties may agree on modifications and adjustments to the delivery schedules, being sufficient a formal communication between the same.

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THE SELLER is bound to supply and keep track of the information of production on the field, liquidation of royalties, shipment by tank truck and/or pipelines, and indicate the participation and the property right on each, and the official receipt of the receiving station. For this purpose, THE SELLER shall send to THE BUYER on a daily basis the information requested, through THE BUYER'S volumetric integrator, which is available at THE BUYER'S web site. Copy of the Users' Manual is attached herein as Annex 5.

In the event that within the agreed term THE BUYER cannot receive at the Delivery Point(s) the total amount of crude oil, THE SELLER will be informed with at least three (3) calendar days in advance, and as soon as the contingency is overcome, THE BUYER will inform the date to resume the receiving.

Likewise, in the event that for reasons associated to the operation of the filed, THE SELLER cannot deliver the crude oil to THE BUYER on any of the dates established in the schedule, THE SELLER shall inform THE BUYER in writing with three (3) calendar days in advance to the corresponding delivery date, and as soon as the contingency is overcome, THE SELLER will inform the date to resume the deliveries.

In case of indicating a different site for the reception of crude, the parties shall made the adjustments set forth in the item of transportation and transportation tax of the formulas defined in clause Second based on the higher or lower value that transportation may have to the new Point(s) of Delivery defined by THE BUYER, considering for such purpose the current transportation fees at the time of occurrence of the situation. All the foregoing shall be stated for the record in a minutes or amendment executed by the Parties for such purpose.

CLAUSE EIGHTH. INDUSTRIAL SAFETY – HSE: THE SELLER is bound to keep in force hygiene, industrial safety and occupational health programs for the transportation operation of the Crude to the Point(s) of Delivery.

CLAUSE NINTH. ADMINISTRATION AND MANAGEMENT OF THE CONTRACT: The Authorized Official will appoint the administration and management of the Contract who will perform the powers and obligations set forth in Manual for the administration and management of Contracts of ECOPETROL S A, attached herein as Annex 6.

THE BUYER will conduct to THE SELLER an evaluation each semester of its performance as Contractor, pursuant to the guidelines "Contractor's Performance Evaluation", which shall be provided by THE BUYER to the THE SELLER after the Contract has been perfected.

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CLAUSE TENTH. ASSIGNMENT: THE SELLER shall not assign, sell or transfer the whole or part of its rights and obligations under the Contract that may arise upon the acceptance of the offer to any third party, without the previous written consent of THE BUYER.

CLAUSE ELEVENTH. EXPIRATION: THE BUYER may declare the expiration of the Contract and order the liquidation at any moment, when THE SELLER engage in conducts prohibited by Article 25 of Law 40, 1993 (payment of sums of money to profiteers, or when hiding or cooperating on behalf of any manager or delegate of THE SELLER in the payment of any ransom money for a kidnapped person that may be an official or employee of THE SELLER or any of its affiliates).

In the event of announcement of expiration of the contract, there will be no compensation for THE SELLER, who will be made subject to the penalties and inabilities provided in the law. The statement of lapse is a breach of the contract . THE SELLER will announce the lapse through a resolution, and THE SELLER will be notified timely. THE SELLER may file an appeal. THE SELLER will have the right, subject to the corresponding deductions according to the provisions of this document, to be paid for the part or the goods or services received at the satisfaction of THE BUYER until the date of the administrative act stating the expiration.

CLAUSE TWELFTH. FORCE MAJEURE, ACTS OF NATURE AND GROUNDS FOR EXEMPTION: The obligations of any of the parties in connection with the acceptance of this Offer that cannot be performed due to Force Majeure, Acts of Nature or Exculpatory Events, whether total or partial, will be suspended during the occurrence of the effects of such events.

The Party announcing the occurrence of a Force Majeure, Act of Nature or Exculpatory Events shall inform immediately by phone the other Party about the situation, with the date and start time, and the next day following the occurrence of such event, in writing along with the evidence that prove the occurrence of such event. The Party notified of the Force Majeure, Act of Nature or Exculpatory Events, may request further information that supports such announcement, and the affected Party shall send it within the next five business (5) days following the request. Any differences between the Parties in connection with such event will be solved in accordance with the mechanisms for dispute resolutions provided in clause Seventeenth of this document.

The Party announcing the occurrence of a Force Majeure, Act of Nature or Exculpatory Events shall use their best efforts to remedy the cause that gave rise to the announcement, and shall inform the other Party the date and time when such event was overcome.

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For all purposes of this Contract it is understood as Force Majeure or Act of Nature, any event that can be qualified as such according to the Applicable Law, which is unforeseeable and overpowering, duly proved, provided always that it is external to the Parties and it occurs without their fault or negligence.

The following acts shall be considered as events of Force Majeure or Acts of Nature: a) Epidemics, landslides, hurricanes, floods, avalanches, lightning, fire, tsunami, shipwreck, disaster in land, air, train, water and sea transportation that directly or indirectly contribute or result in the impossibility of the of the parties to fulfill their obligations. b) Acts or absence of acts of Government and the Legislative and judicial branches, including laws, orders, regulations, decrees, rulings, judicial actions, regulations, denial of the issuance, renewal or confirmation of permits and licenses granted by the Government or any competent authority with jurisdiction on production activities, treatment, picking-up, transportation, distribution handling buy-sell of crude oils and/or products that directly or indirectly contribute or result in the inability of any of the Parties to fulfill their obligations, or seriously and unfairly affect the interests of one or both Parties, or seriously affect their financial capacity. c) Acts of civil unrest including war, blockades, insurrections, riots, and serious threat of any of the foregoing, fully demonstrated, and actions of the armed forces in connection with or in response to any act of civil disorder that directly or indirectly contribute or result in the inability of any of the Parties to fulfill their obligations.

The following shall be considered as Exculpatory Events: a) the partial or total inability to operate and function, the pipelines, the truck tankers for the transportation of the crude oil; the connections or the facilities of any of the Parties caused by malicious acts beyond the direct control of THE SELLER and THE BUYER, without their fault, such as: terrorists or guerrilla attacks, sabotage, serious disturbances of public order that may result in, directly or indirectly, the inability of any of the parties to comply with their obligations; b)The emergency stops of the facilities of THE SELLER or THE BUYER c) industry disturbance acts, including work stoppage and strike, when such acts may result in the inability of THE BUYER to comply with their obligations, and c) industry disturbance acts, including work stoppage and strike, when such acts may result in the inability of THE SELLER to comply with their obligations.

PARAGRAPH FIRST: Under no circumstances, any changes in the financial situation of THE BUYER or THE SELLER may be considered as Exculpatory Events under the Contract hereof.

Neither THE BUYER nor THE SELLER shall be held responsible for non compliance or partial compliance of any or all of the obligations established in this agreement, when such failure to comply is caused by force majeure, act of nature or exculpatory events duly proven.

Any Force Majeure, Acts of Nature and/or Exculpatory Events will not relieve THE BUYER of its obligations to pay THE SELLER the invoices related to the supply of crude oil that have been delivered by THE SELLER, according to the terms established in this Contract.

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The occurrence of any of the events provided in this article shall not relieve under any circumstance to any of the Parties of the compliance with their contractual obligations, and/or those obligations incurred prior to the occurrence of the events mentioned in this clause.

CLAUSE THIRTEENTH. APPLICABILITY OF COLOMBIAN LAWS: This Contract is governed by Colombian Law.

CLAUSE FOURTEENTH. TAXES: Each of the parties of this buy-sell represents to be aware of and accepts all taxes and/or withholdings in accordance with the law in force. The payment of all national, departmental and municipal taxes, fees, contributions, quotes or similars that may arise by this Contract, but without being limited to those incurred as a result of the entering into, formalization, execution and termination or liquidation of the Contract hereof, arising after the date of the signature of the same, shall be borne by the party subject to the respective tax, who shall pay it pursuant to the law and the regulations in force.

CLAUSE FIFTEENTH. PUBLICATION: THE SELLER is responsible for the payment of the publication of the contract associated with this Offer on the Public Contracts Newspaper (*Diario Único de Contratación Pública*). THE SELLER shall send to THE BUYER a copy of the receipt corresponding to the deposit of such payment within three (3) business days following the acceptance of the Offer. THE BUYER shall send, in an original, to the Colombian National Printing the Sole Summary for Publication (*Extracto Único de Publicación*).

CLAUSE SIXTEENTH. COMPLETION AND EXECUTION: The Contract hereof is perfected upon execution of the same.

CLAUSE SEVENTEENTH. CONFLICT RESOLUTION: In the case of any differences, conflicts or disputes in connection with the interpretation, execution and application of this Contract, the Parties shall try to use the alternative solution mechanisms for conflicts legally regulated.

CLAUSE EIGHTEENTH. SPANISH LANGUAGE: This Contract is written in Spanish and is the only form of obligation between the Parties. Any translation to any other language will only be valid for reference purposes for the Parties, and under no circumstance may affect the meaning and construal of the Spanish version.

CLAUSE NINETEENTH. CONTRACT VALUE: The value of the Contract is undetermined.

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CLAUSE TWENTIETH. CONFIDENTIALITY: For the purposes of this Contract, the Party that discloses or reveals the information is called hereinafter the Disclosing Party, and the party that receives the information is called the Receiving Party. The Parties herein agree that all the information of technical, commercial, industrial or financial nature given and interchanged or prepared by the Parties during the development of the Contract, or that any of the Parties may develop, receive or obtain in regards to the Contract (hereinafter “Confidential Information” or “the information”) are subject to strict discretion and confidentiality during the term of the Contract and three (3) years following the expiration thereof.

For purposes of this Contract, it is not considered “Confidential Information” the information that: (i) is of public knowledge at the moment of its disclosure, or that may be of public knowledge after its disclosure through means different that the action or omission of the Receiving Party; (ii) is known by the Receiving Party before or at the receiving moment, or obtained under this Offer, without such knowledge being the cause of breach of any obligation of confidentiality; (iii) is developed by the Receiving Party independently, or based on information or documentation received from a third party, without this being in breach of any obligation of confidentiality; (iv) is received or obtained in good faith, by the Receiving Party, from a third party without this being in breach of any obligations of confidentiality; (v) its disclosure or revelation is required to the Receiving Party by the application of the legislation in force, administrative act, judicial order and or by any competent government entity with jurisdiction on the Party or its affiliates, or by the standards of any stock exchange in which the stocks of the Parties or corporations related are registered, in the terms and to the extent that this is required.

The Receiving Party may reveal the Confidential Information to their managers, officials, employees, agents, partners, representatives or associates, affiliates and subordinates (in general, the Representatives).

If any judicial or administrative authority requires that the Receiving Party, under the law, regulations or judicial ruling delivers any part of the Information, such Receiving Party may request the cooperation of the Disclosing Party, and if deemed appropriate, consult with the Disclosing Party about the measures to be taken in order to keep the confidentiality.

CLAUSE TWENTY-FIRST. SPECIAL OBLIGATIONS OF THE SELLER IN CONNECTION WITH THE PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM (LA/FT)

a. Fully comply with the legal provisions on prevention and control of assets laundering and the financing of terrorism (AL/FT) as they may be applicable, implementing with efficiency and timely the policies and procedures necessary for such purpose.

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b. Refrain from conducting any operations with persons or entities whose funds are the result of illegal activities contemplated in the Colombian Criminal Code or any regulation that substitutes, adds or amends it, or with those with serious doubts on the origin of their funds based on public information.

c. Respect and comply with the Code of Good Governance, the Policies of Integral Responsibility and Entrepreneurial Social Responsibility of Ecopetrol, the Code of Ethics and the policies on prevention, control and management of the risk of assets laundering and the financing of terrorism (LA/FT) of THE BUYER. For these purposes, THE SELLER represents to be aware of said documents.

d. In those cases in which activities considered of high risk of AL/FT are carried out, it is obliged to implement systems for the prevention of AL/FT.

e. Refrain from using its operations as an instrument to hide, handle, invest or take advantage in any manner, of money or any other goods derived from criminal activities, or to make them appear as legal, transactions and funds related to the same or destined to illegal activities.

f. Report to the THE BUYER (Telephones 018000917045 – (57-1-2343345 – 57-1-2344092) and denounce before the competent authorities any crimes he may be aware of (corruption, extortion, false documentation, assets laundering, financing of terrorism, and others), as required by article 67 of the Code of Criminal Procedures (Law 906 of 2004 and those that amend or supersede it).

g. Report to THE BUYER, any incidents or new events that may affect its image or reputation and/or those of THE BUYER, within three (3) business days after their occurrence in order to provide a handling with consensus of the same.

h. Provide a timely response on the information requirements and the clarifications as required by THE BUYER under the execution of the contract hereof.

CLAUSE TWENTY-SECOND EARLY TERMINATION:

22.1 THE SELLER or THE BUYER may terminate this buy-sell Contract at any time without the obligation to indemnify the other party for any kind of damage, provided however, that the party that wishes the early termination of the Contract delivers to the other party a written communication ten (10) calendar days prior to the date in which the Contract is to be terminated.

22.2. Likewise, any of the following activities in connection with the laundering of assets and the financing of terrorism shall be a motive for early termination of the contract, without entitlement of any indemnity for any kind of damage:

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1. When THE SELLER fails to comply with the legal provisions in connection with the prevention and control of assets laundering and the financing of terrorism, as they may be applicable.
2. When THE SELLER or any of its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, appear in the international listing binding for Colombia pursuant with international law (lists of the United Nations) or in the OFAC lists.
3. When there are against THE SELLER or any of its shareholders, associates or partners that directly or indirectly hold FIVE PER CENT (5%) or more of the corporate capital, contribution or participation, or their legal representatives and their members of the Board of Directors, any investigations or criminal proceedings for willful misconducts, or if there is public information with respect to such persons that may place THE BUYER before a legal or reputational risk.
4. When there may be situations, which may generate for THE BUYER any reputational, legal, operating or contagious risks in connection with assets laundering and/or the financing of terrorism.
5. When there may be situations of serious doubts on the legality of the operations of EL THE SELLEL, the legitimacy of its funds, or that THE SELLER has conducted transaction or operations destined to said activities or in favor of persons in connection therewith.
6. When there are errors, inconsistencies, discrepancies or falsehood in the documentation and information provided by THE SELLER for the subscription and execution of the Contract hereof.

22.3 Likewise the Parties may terminate the contractual relation when the other incurs in any of the following conducts:

1. Give up without justification on any threats from armed groups outside the law.
2. Receive, supply, administer, intervene, finance, transfer, keep, transport, storage or keep money or property resulting from or destined to such groups or collaborate and provide help to the same.
3. Build, assign, rent, place at their disposal, facilitate or transfer in any manner goods to be destined for the hiding of persons, or for the deposit or storage of belongings of said groups.
4. Stop, suspend or notoriously diminish the fulfillment of their contractual obligations following the instructions of said groups.
5. Failure to denounce any punishable acts, which may be attributable to said groups and known as a result of the Contract.

Regarding the foregoing, it shall be considered as an act of THE SELLER l the conduct of its agents or dependents, which he may be aware of.

CLAUSE TWENTY-THIRD. NOTICES: All notices, requests, communications or notifications between the Parties by virtue of this Contract shall be in writing and served at the time the corresponding document is filed in the address indicated hereunder.

Cra. 7ª No. 37-69 Piso 5, Bogotá, D.C. Colombia
Teléfono: (571)2344606

THE BUYER

ECOPETROL S.A.
Gerencia de Planeación y Suministro
Bernardo Castro Castro
Carrera 7 No. 37-69 Piso 7, Bogotá D.C.
Teléfono (+57) 1 234 4606
Fax (+57) 1 234 4869

THE SELLER

SOLANA PETROLEUM EXPLORATION COLOMBIA LTD.
Gerencia Comercial
Calle 113 No. 7-80, piso 17
Teléfono (+57) 6585757
Fax (+57) 2139327

All communications sent via facsimile shall be considered as received upon receipt of the message of successful communication from the machine where the delivery is originated.

CLAUSE TWENTY FOURTH. DOMICILE: For all legal purposes the domicile of the Contract hereto shall be the city of Bogotá D.C.

In witness whereof, the Parties sign this Contract in D.C. on the twenty seventh (27) day of the month of July, of the year two thousand eleven (2011), in two (2) duplicates of the same content.

THE SELLER	THE BUYER
/s/ **JULIÁN GARCÍA SALCEDO** **JULIÁN GARCÍA SALCEDO** Legal Representative	/s/ **CLAUDIA L. CASTELLANOS R.** **CLAUDIA L. CASTELLANOS R.** Vice-president Supply and Marketing

Annex 1. Model of certification of application of AL/FT regulations for companies obliged to adopt systems of AL/FT prevention .
Annex 2. Certificate of shareholder’s interests for associates, shareholders or partners with more than five (5%) interest in the corporate capital.

Annex 3. Procedure for Reimbursable Expenses. Delivered in CD.
Annex 4. Manual for Hydrocarbon Measurement of (MMH) ECOPETROL S.A. Delivered in CD.
Annex 5. User's Manual for the Volumetric Integrator of ECOPETROL S.A. Delivered in CD.
Annex 6. Manual for contract's management and administration of ECOPETROL S.A. Delivered in CD.

Cra. 7ª No. 37-69 Piso 5, Bogotá, D.C. Colombia
Teléfono: (571)2344606

ANEXO No. 1

MODEL OF CERTIFICATION OF APPLICATION OF AL/FT REGULATIONS FOR COMPANIES OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

OBLIGATORY ONLY FOR THOSE PARTIES THAT BY LEGAL REGULATIONS ARE OBLIGED TO ADOPT SYSTEMS OF AL/FT PREVENTION

The purpose of this document is to certify to ECOPETROL S A that our entity has a SYSTEM FOR THE PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM, which fully complies with the applicable Colombian regulations.

Therefore, Julian Garcia, in my capacity as legal representative of SOLANA PETROLEUM EXPLORATION COLOMBIA LTD. (THE ENTITY), I hereby CERTIFY that:

1. The ENTITY is fully complying with Colombian the applicable norms and regulations concerning the prevention and control of assets laundering and the financing of terrorism.
   YES ☒ No ☐
2. The ENTITY has appropriate policies, manuals and procedures for the prevention and control of assets laundering and the financing of terrorism fully complying with the applicable regulations in force.
   YES ☒ No ☐
3. Has the ENTITY been involved in investigations for violations to laws regarding the assets laundering and the financing of terrorism?
   YES ☐ No ☒
4. Has the ENTITY been sanctioned or any of its employees or officers for violations to laws regarding assets laundering and the financing of terrorism?
   YES ☐ No ☒

Report the following data of the officer or employee concerning compliance:

Name:	David Hardy
Telephone:	(+1) (403) 265- 3221 Ext. 2247
e-mail:	davidhardy@grantierra.com
Address:	300, 625 – 11th Avenue SW, Calgary, Alberta, Canada T2R 0E1

We manifest that we authorize ECOPETROL S A to verify and confirm the information provided hereto directly or through the persons designed, including the effective application of the SYSTEM OF PREVENTION AND CONTROL OF ASSETS LAUNDERING AND THE FINANCING OF TERRORISM inside our entity.

Comments:

ANNEX No. 2

Certificate of Shares Participation
Associates, Shareholders or Partners holding over five (5%) of interest in the corporate capital

This certification is only requested in the case of legal persons in which, given their nature, their shareholders, partners or associates do not appear in the certificate of the chamber of commerce

I, hereby certify that the associates, shareholders or partners holding over FIVE (5%) of interest in the corporate capital of the entity I represent are the natural or legal persons appearing in the following list:

NAME OF SHAREHOLDER PARTNER OR ASSOCIATE	IDENTIFICATION	NUMBER OF SHARES QUOTA OR PARTS OF INTEREST	PARTICIPATION IN THE CORPORATE CAPITAL (%)

I hereby certify that the real beneficiaries and controllers [1]

Name	Identification

Name of the entity: Solana Petroleum Exploration Colombia Ltd.
Tax ID:
Name of Legal Representative: Julian Garcia
Identification Number:
Signature Legal Representative: /s/ Julian Garcia

Not applicable due to Solana is a branch of a foreign company and therefore has no legal personality independent of its parent.

[1] It is understood as "real beneficiary" or "controller" any person or group of persons who, directly or indirectly, by himself or through any third party, by virtue of any contract, agreement or otherwise has, with respect to any share or quote of a company, or may have any decision capacity or control over said company.

Cra. 7ª No. 37-69 Piso 5, Bogotá, D.C. Colombia
Teléfono: (571)2344606

Exhibit 31.1

CERTIFICATION

I, Dana Coffield, certify that:

1. I have reviewed this Form 10-Q of Gran Tierra Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

/s/ Dana Coffield
Dana Coffield

Chief Executive Officer

Date: August 9, 2011

Exhibit 31.2

CERTIFICATION

I, Martin Eden, certify that:

1. I have reviewed this Form 10-Q of Gran Tierra Energy Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Martin Eden

Martin Eden

Chief Financial Officer

Date: August 9, 2011

Exhibit 32.1

CERTIFICATIONS PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Gran Tierra Energy Inc. (the "Company") for the quarter ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Dana Coffield, Chief Executive Officer of the Company, and Martin Eden, Chief Financial Officer of the Company, each hereby certifies, to the best of his knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report, to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2011

/s/Dana Coffield
Dana Coffield
Chief Executive Officer

/s/ Martin Eden
Martin Eden
Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934 (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.