

GRAN TIERRA ENERGY INC.  
Form 10-Q  
November 12, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2013

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  
(State or other jurisdiction of incorporation or  
organization)

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

300, 625 11 Avenue S.W.  
Calgary, Alberta, Canada T2R 0E1  
(Address of principal executive offices, including 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 website, 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 November 6, 2013, the following number of shares of the registrant's capital stock were outstanding: 272,193,233 shares of the registrant's Common Stock, \$0.001 par value; one share of Special A Voting Stock, \$0.001 par value, representing 4,534,127 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 6,424,391 shares of Gran Tierra Exchangeco Inc., which are exchangeable on a 1-for-1 basis into the registrant's Common Stock.

Gran Tierra Energy Inc.

Quarterly Report on Form 10-Q

Nine Months Ended September 30, 2013

Table of contents

	Page
PART I	Financial Information
Item 1.	Financial Statements <u>8</u>
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations <u>25</u>
Item 3.	Quantitative and Qualitative Disclosures About Market Risk <u>42</u>
Item 4.	Controls and Procedures <u>43</u>
PART II	Other Information
Item 1.	Legal Proceedings <u>43</u>
Item 1A.	Risk Factors <u>44</u>
Item 6.	Exhibits <u>59</u>
SIGNATURES	<u>59</u>
EXHIBIT INDEX	<u>60</u>

## CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, particularly in Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including without limitation statements in the Management’s Discussion and Analysis of Financial Condition and Results of Operations, regarding our financial position, estimated quantities and net present values of reserves, business strategy, plans and objectives of our management for future operations, covenant compliance, capital spending plans and those statements preceded by, followed by or that otherwise include the words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “project”, “target”, “goal”, “plan”, “objective”, “should”, or similar expressions or these 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 or that, even if correct, intervening circumstances will not occur to cause actual results to be different than expected. 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. The information included herein is given as of the filing date of this Form 10-Q with the Securities and Exchange Commission (“SEC”) and, 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 forward-looking statement is based.

## GLOSSARY OF OIL AND GAS TERMS

In this document, the abbreviations set forth below have the following meanings:

bbbl	barrel	Mcf	thousand cubic feet
Mbbbl	thousand barrels	MMcf	million cubic feet
MMbbbl	million barrels	Bcf	billion cubic feet
BOE	barrels of oil equivalent	MMBtu	million British thermal units
MMBOE	million barrels of oil equivalent	NGL	natural gas liquids
BOEPD	barrels of oil equivalent per day	NAR	net after royalty
BOPD	barrels of oil per day		

Production represents production volumes NAR adjusted for inventory changes. Our reserves and sales are also reported NAR.

NGL volumes are converted to BOE on a one-to-one basis with oil. Gas volumes are converted to BOE at the rate of 6 Mcf of gas per bbl of oil, based upon the approximate relative energy content of gas and oil. The rate is not necessarily indicative of the relationship between oil and gas prices. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In the discussion that follows we discuss our interests in wells and/or acres in gross and net terms. Gross oil and natural gas wells or acres refer to the total number of wells or acres in which we own a working interest. Net oil and natural gas wells or acres are determined by multiplying gross wells or acres by the working interest that we own in such wells or acres. Working interest refers to the interest we own in a property, which entitles us to receive a

specified percentage of the proceeds of the sale of oil and natural gas, and also requires us to bear a specified percentage of the cost to explore for, develop and produce that oil and natural gas. A working interest owner that owns a portion of the working interest may participate either as operator, or by voting its percentage interest to approve or disapprove the appointment of an operator, in drilling and other major activities in connection with the development of a property.

We also refer to royalties and farm-in or farm-out transactions. Royalties include payments to governments on the production of oil and gas, either in kind or in cash. Royalties also include overriding royalties paid to third parties. A farm-in or farm-out transaction refers to a contractual agreement with an owner who holds a working interest in an oil and gas lease to assign all or part of that interest to another party in exchange for fulfilling contractually specified conditions. Payment in a farm-in or farm-out transaction can be in cash and/or in kind by committing to perform and/or pay for certain work obligations. A farm-out agreement often stipulates that the other party must drill a well to a certain depth, at a specified location, within a certain time

frame. The transaction is labeled a farm-in by the purchaser of the working interest and a farm-out by the seller of the working interest.

In the petroleum industry, geologic settings with proven petroleum source rocks, migration pathways, reservoir rocks and traps are referred to as petroleum systems.

Aeromagnetic and aerogravity surveys are a remote sensing process by which data is gathered about the subsurface of the earth. An airplane is equipped with extremely sensitive instruments that measure changes in the earth's gravitational and magnetic field. Variations as small as 1/1,000th in the gravitational and magnetic field strength and direction can indicate structural changes below the ground surface. These structural changes may influence the trapping of hydrocarbons. These surveys are an efficient way of gathering data over large regions.

Seismic data is used by oil and natural gas companies as the principal source of information to locate oil and natural gas deposits, both for exploration for new deposits and to manage or enhance production from known reservoirs. To gather seismic data, an energy source is used to send sound waves into the subsurface strata. These waves are reflected back to the surface by underground formations, where they are detected by geophones which digitize and record the reflected waves. Computer software applications are then used to process the raw data to develop an image of underground formations. 2-D seismic is the standard acquisition technique used to image geologic formations over a broad area. 2-D seismic data is collected by a single line of energy sources which reflect seismic waves to a single line of geophones. When processed, 2-D seismic data produces an image of a single vertical plane of sub-surface data. 3-D seismic data is collected using a grid of energy sources, which are generally spread over several square miles. A 3-D seismic survey produces a three dimensional image of the subsurface geology by collecting seismic data along parallel lines and creating a cube of information that can be divided into various planes, thus improving visualization. Consequently, 3-D seismic data is generally considered a more reliable indicator of potential oil and natural gas reservoirs in the area evaluated.

Wells drilled are classified as exploration, development, injector or stratigraphic. An exploration well is a well drilled in search of a previously undiscovered hydrocarbon-bearing reservoir. A development well is a well drilled to develop a hydrocarbon-bearing reservoir that is already discovered. Exploration and development wells are tested during and after the drilling process to determine if they have oil or natural gas that can be produced economically in commercial quantities. If they do, the well will be completed for production, which could involve a variety of equipment, the specifics of which depend on a number of technical geological and engineering considerations. If there is no oil or natural gas (a "dry" well), or there is oil and natural gas but the quantities are too small and/or too difficult to produce, the well will be abandoned. Abandonment is a completion operation that involves closing or "plugging" the well and remediating the drilling site. An injector well is a development well that will be used to inject fluid into a reservoir to increase production from other wells. A stratigraphic well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. These wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as "exploratory type" if drilled in an unknown area or "development type" if drilled in a known area.

Workover is a term used to describe remedial operations on a previously completed well to clean, repair and/or maintain the well for the purpose of increasing or restoring production. It could include well deepening, plugging portions of the well, working with cementing, scale removal, acidizing, fracture stimulation, changing tubulars or installing/changing equipment to provide artificial lift.

The SEC definitions related to oil and natural gas reserves, per Regulation S-X, reflecting our use of deterministic reserve estimation methods, are as follows:

Reserves. Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Proved oil and gas reserves. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for

the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

i. The area of the reservoir considered as proved includes:

A. The area identified by drilling and limited by fluid contacts, if any, and

B. Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

Where direct observation from well penetrations has defined a highest known oil ("HKO") elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

A. Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and

B. The project has been approved for development by all necessary parties and entities, including governmental entities.

Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

**Probable reserves.** Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

iii.



Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

iv. See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of section 210.4-10(a) of Regulations S-X.

• Possible reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

Pursuant to paragraph (a)(22)(iii) of section 210.4-10(a) of Regulations S-X, where direct observation has defined a HKO elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

Reasonable certainty. If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and as changes due to increased availability of geoscience (geological, geophysical and geochemical), engineering and economic data are made to estimated ultimate recovery ("EUR") with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

Deterministic estimate. The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

Probabilistic estimate. The method of estimating reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience, engineering or economic data) is used to generate a full range of possible outcomes and their associated probabilities of occurrences.

Developed oil and gas reserves. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

i.

Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well; and

- ii. Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Undeveloped oil and gas reserves. Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are  
i. reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted  
ii. indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have  
iii. been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of section 201.4-10(a) of Regulation S-X, or by other evidence using reliable technology establishing reasonable certainty.

## 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 September		Nine Months Ended September	
	30,		30,	
	2013	2012	2013	2012
<b>REVENUE AND OTHER INCOME</b>				
Oil and natural gas sales	\$ 188,974	\$ 168,616	\$ 561,935	\$ 438,406
Interest income	684	317	1,904	1,628
	189,658	168,933	563,839	440,034
<b>EXPENSES</b>				
Operating	35,588	36,295	108,505	88,115
Depletion, depreciation, accretion and impairment (Note 4)	58,875	45,044	180,309	137,982
General and administrative	14,673	12,896	37,840	46,394
Foreign exchange loss (gain)	1,880	(1,315)	(15,329)	27,867
Other loss (Note 8)	—	—	4,400	—
	111,016	92,920	315,725	300,358
<b>INCOME BEFORE INCOME TAXES</b>	78,642	76,013	248,114	139,676
Income tax expense (Note 7)	(45,585)	(31,408)	(109,361)	(82,280)
<b>NET INCOME AND COMPREHENSIVE INCOME</b>	33,057	44,605	138,753	57,396
<b>RETAINED EARNINGS, BEGINNING OF PERIOD</b>	390,369	197,805	284,673	185,014
<b>RETAINED EARNINGS, END OF PERIOD</b>	\$ 423,426	\$ 242,410	\$ 423,426	\$ 242,410
<b>NET INCOME PER SHARE — BASIC</b>	\$0.12	\$0.16	\$0.49	\$0.20
<b>NET INCOME PER SHARE — DILUTED</b>	\$0.12	\$0.16	\$0.49	\$0.20
<b>WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC (Note 5)</b>	283,092,224	281,695,212	282,687,871	280,387,484
<b>WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED (Note 5)</b>	286,026,519	284,605,162	285,820,007	283,968,384

(See notes to the condensed consolidated financial statements)

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

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

	September 30, 2013	December 31, 2012
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$353,064	\$212,624
Restricted cash	3,819	1,404
Accounts receivable	143,915	119,844
Inventory (Note 4)	16,404	33,468
Taxes receivable	6,069	39,922
Prepays	5,365	4,074
Deferred tax assets (Note 7)	2,090	2,517
Total Current Assets	530,726	413,853
Oil and Gas Properties (using the full cost method of accounting)		
Proved	790,193	813,247
Unproved	435,082	383,414
Total Oil and Gas Properties	1,225,275	1,196,661
Other capital assets	9,101	8,765
Total Property, Plant and Equipment (Note 4)	1,234,376	1,205,426
Other Long-Term Assets		
Restricted cash	3,305	1,619
Deferred tax assets (Note 7)	2,076	1,401
Taxes receivable	14,608	1,374
Other long-term assets	6,746	6,621
Goodwill	102,581	102,581
Total Other Long-Term Assets	129,316	113,596
Total Assets	\$1,894,418	\$1,732,875
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable	\$70,783	\$102,263
Accrued liabilities	79,934	66,418
Taxes payable	88,757	22,339
Deferred tax liabilities (Note 7)	1,643	337
Asset retirement obligation (Note 6)	—	28
Total Current Liabilities	241,117	191,385
Long-Term Liabilities		
Deferred tax liabilities (Note 7)	183,925	225,195
Equity tax payable (Note 7)	—	3,562
Asset retirement obligation (Note 6)	20,388	18,264
Other long-term liabilities	9,015	3,038
Total Long-Term Liabilities	213,328	250,059
Contingencies (Note 8)		
Shareholders' Equity		

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Common Stock (Note 5) (271,872,896 and 268,482,445 shares of Common Stock and 11,278,855 and 13,421,488 exchangeable shares, par value \$0.001 per share, issued and outstanding as at September 30, 2013 and December 31, 2012, respectively)	10,020	7,986
Additional paid in capital	1,006,527	998,772
Retained earnings	423,426	284,673
Total Shareholders' Equity	1,439,973	1,291,431
Total Liabilities and Shareholders' Equity	\$1,894,418	\$1,732,875

(See notes to the condensed consolidated financial statements)

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

	Nine Months Ended September 30,	
	2013	2012
<b>Operating Activities</b>		
Net income	\$ 138,753	\$ 57,396
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation, accretion and impairment	180,309	137,982
Deferred tax recovery (Note 7)	(23,791	) (8,855
Stock-based compensation (Note 5)	6,113	9,854
Unrealized foreign exchange (gain) loss	(16,853	) 14,072
Cash settlement of asset retirement obligation	(927	) (404
Equity tax	(3,345	) (3,534
Other loss (Note 8)	4,400	—
Net change in assets and liabilities from operating activities		
Accounts receivable and other long-term assets	(26,284	) (96,656
Inventory	12,366	(9,769
Prepays	(1,291	) 1,087
Accounts payable and accrued and other liabilities	(7,593	) (25,960
Taxes receivable and payable	87,230	(59,281
Net cash provided by operating activities	349,087	15,932
<b>Investing Activities</b>		
Increase in restricted cash	(4,101	) (21,704
Additions to property, plant and equipment	(267,642	) (222,119
Proceeds from oil and gas properties (Note 4)	59,621	—
Net cash used in investing activities	(212,122	) (243,823
<b>Financing Activities</b>		
Proceeds from issuance of shares of Common Stock (Note 5)	3,475	3,797
Net cash provided by financing activities	3,475	3,797
Net increase (decrease) in cash and cash equivalents	140,440	(224,094
Cash and cash equivalents, beginning of period	212,624	351,685
Cash and cash equivalents, end of period	\$ 353,064	\$ 127,591
Cash	\$ 296,520	\$ 99,442
Term deposits	56,544	28,149
Cash and cash equivalents, end of period	\$ 353,064	\$ 127,591
<b>Supplemental cash flow disclosures:</b>		
Cash paid for income taxes	\$ 38,978	\$ 140,069
<b>Non-cash investing activities:</b>		
Non-cash net assets and liabilities related to property, plant and equipment, end of period	\$ 65,645	\$ 33,961

(See notes to the condensed consolidated financial statements)





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

	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
<b>Share Capital</b>		
Balance, beginning of period	\$7,986	\$7,510
Issue of shares of Common Stock (Note 5)	2,034	476
Balance, end of period	10,020	7,986
<b>Additional Paid in Capital</b>		
Balance, beginning of period	998,772	980,014
Issue of shares of Common Stock (Note 5)	—	2,902
Exercise of warrants	—	1,590
Expiry of warrants	—	190
Exercise of stock options (Note 5)	1,441	960
Stock-based compensation (Note 5)	6,314	13,116
Balance, end of period	1,006,527	998,772
<b>Warrants</b>		
Balance, beginning of period	—	1,780
Exercise of warrants	—	(1,590)
Expiry of warrants	—	(190)
Balance, end of period	—	—
<b>Retained Earnings</b>		
Balance, beginning of period	284,673	185,014
Net income	138,753	99,659
Balance, end of period	423,426	284,673
<b>Total Shareholders' Equity</b>	<b>\$1,439,973</b>	<b>\$1,291,431</b>

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Expressed in U.S. Dollars, unless otherwise indicated)

## 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 the 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 information furnished herein reflects all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of results for the interim periods.

The note disclosure requirements of annual consolidated financial statements provide additional disclosures to that required for interim unaudited condensed consolidated financial statements. Accordingly, these interim unaudited 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, 2012, included in the Company’s 2012 Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 26, 2013.

The Company’s significant accounting policies are described in Note 2 of the consolidated financial statements which are included in the Company’s 2012 Annual Report on Form 10-K and are the same policies followed in these interim unaudited condensed consolidated financial statements, except as disclosed below. The Company has evaluated all subsequent events through to the date these interim unaudited condensed consolidated financial statements were issued.

### Restricted Stock Units

In May 2013, the Company's Board of Directors determined that the Company will annually grant time-vested restricted stock units (“RSUs”) to officers, employees and consultants. RSUs entitle the holder to receive, at the option of the Company, either the underlying number of shares of the Company's Common Stock upon vesting of such shares or a cash payment equal to the value of the underlying shares. The Company expects its practice will be to settle RSUs in cash and, therefore, RSUs are accounted for as liability instruments. Compensation expense for RSUs granted is based on the estimated fair value, which is determined using the closing share price, at each reporting date, and the expense, net of estimated forfeitures, is recognized over the requisite service period using the accelerated method, with a corresponding change to liabilities. An adjustment is made to compensation expense for any difference between the estimated forfeitures and the actual forfeitures related to vested awards. Additionally, the Company will continue to grant options to purchase shares of Common Stock to certain directors, officers, employees and consultants. Stock-based compensation expense relating to RSUs and stock options is capitalized as part of oil and natural gas properties or expensed as part of operating expenses or general and administrative (“G&A”) expenses, as appropriate.

### Recently Issued Accounting Pronouncements

Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is fixed at the Reporting Date

In February 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2013- 04, “Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is fixed at the Reporting Date”. The ASU provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. Examples of obligations within the scope of this update include debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The implementation of this update is not expected to materially impact the Company’s consolidated financial position, results of operations or cash flows.

### Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists". The ASU provides guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The implementation of this update is not expected to materially impact the Company's consolidated financial position, results of operations or cash flows.

### 3. Segment and Geographic Reporting

The Company is primarily engaged in the exploration and production of oil and natural gas. The Company's reportable segments are Colombia, Argentina, Peru and Brazil based on geographic organization. The level of activity in Peru and Brazil was not significant at September 30, 2013, or December 31, 2012; however, the Company has separately disclosed its results of operations in Peru and Brazil as reportable segments. The All Other category represents the Company's corporate activities.

The accounting policies of the reportable segments are the same as those described in Note 2. The Company evaluates reportable segment performance based on income or loss before income taxes.

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

The following tables present information on the Company's reportable segments and other activities:

Three Months Ended September 30, 2013

(Thousands of U.S. Dollars, except per unit of production amounts)	Colombia	Argentina	Peru	Brazil	All Other	Total
Oil and natural gas sales	\$164,241	\$18,149	\$—	\$6,584	\$—	\$188,974
Interest income	111	164	—	281	128	684
Depletion, depreciation, accretion and impairment	46,821	7,606	73	4,129	246	58,875
Depletion, depreciation, accretion and impairment - per unit of production	27.48	30.51	—	59.72	—	29.12
Income (loss) before income taxes	89,214	(4,164)	(1,404)	(337)	(4,667)	78,642
Segment capital expenditures (1)	\$39,608	\$8,159	\$11,063	\$(22,500)	\$289	\$36,619

Three Months Ended September 30, 2012

(Thousands of U.S. Dollars, except per unit of production amounts)	Colombia	Argentina	Peru	Brazil	All Other	Total
Oil and natural gas sales	\$145,610	\$22,332	\$—	\$674	\$—	\$168,616
Interest income	171	10	—	40	96	317
Depletion, depreciation, accretion and impairment	35,255	9,165	68	305	251	45,044
Depletion, depreciation, accretion and impairment - per unit of production	24.46	26.60	—	40.35	—	25.12
Income (loss) before income taxes	79,915	1,777	(847)	(1,170)	(3,662)	76,013
Segment capital expenditures	\$35,880	\$11,568	\$11,204	\$2,838	\$300	\$61,790

Nine Months Ended September 30, 2013

(Thousands of U.S. Dollars, except per unit of production amounts)	Colombia	Argentina	Peru	Brazil	All Other	Total
Oil and natural gas sales	\$488,577	\$54,620	\$—	\$18,738	\$—	\$561,935
Interest income	415	710	27	292	460	1,904
Depletion, depreciation, accretion and impairment	141,141	22,986	272	15,143	767	180,309
Depletion, depreciation, accretion and impairment - per unit of production	27.58	27.79	—	75.74	—	29.35
Income (loss) before income taxes	275,353	(6,183)	(4,984)	(3,663)	(12,409)	248,114
Segment capital expenditures (1)	\$118,758	\$12,424	\$59,911	\$12,021	\$528	\$203,642

Nine Months Ended September 30, 2012

(Thousands of U.S. Dollars, except per unit of production amounts)	Colombia	Argentina	Peru	Brazil	All Other	Total
Oil and natural gas sales	\$376,261	\$59,183	\$—	\$2,962	\$—	\$438,406
Interest income	598	96	15	607	312	1,628

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Depletion, depreciation, accretion and impairment	90,625	23,080	1,174	22,379	724	137,982
Depletion, depreciation, accretion and impairment - per unit of production	24.96	24.54	—	708.76	—	29.98
Income (loss) before income taxes	182,516	2,568	(4,147 )	(24,467 )	(16,794 )	139,676
Segment capital expenditures	\$98,476	\$28,412	\$43,866	\$44,536	\$695	\$215,985

(1) In the third quarter of 2013, segment capital expenditures in Brazil are net of proceeds of \$54.0 million relating to termination of a farm-in agreement. Additionally, segment capital expenditures for the nine months ended September 30, 2013, are net of proceeds of \$4.1 million relating to the Company's assumption of the remaining 50% working interest in the Santa Victoria Block in Argentina and \$1.5 million relating to the Company's sale of its 15% working interest in the Mecaya Block in Colombia (Note 4).

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

(Thousands of U.S. Dollars)	As at September 30, 2013					
	Colombia	Argentina	Peru	Brazil	All Other	Total
Property, plant and equipment	\$822,522	\$128,799	\$155,579	\$124,418	\$3,058	\$1,234,376
Goodwill	102,581	—	—	—	—	102,581
Other assets	267,186	37,320	18,285	50,555	184,115	557,461
Total Assets	\$1,192,289	\$166,119	\$173,864	\$174,973	\$187,173	\$1,894,418

(Thousands of U.S. Dollars)	As at December 31, 2012					
	Colombia	Argentina	Peru	Brazil	All Other	Total
Property, plant and equipment	\$840,027	\$138,768	\$95,940	\$127,394	\$3,297	\$1,205,426
Goodwill	102,581	—	—	—	—	102,581
Other assets	222,220	47,038	10,880	8,498	136,232	424,868
Total Assets	\$1,164,828	\$185,806	\$106,820	\$135,892	\$139,529	\$1,732,875

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 the nine months ended September 30, 2013, the Company had two significant customers in Colombia: Ecopetrol S.A. ("Ecopetrol") and one other customer, which accounted for 52% and 29%, respectively, of the Company's consolidated oil and natural gas sales. For the three months ended September 30, 2013, these customers accounted for 56% and 28%, respectively, of the Company's consolidated oil and natural gas sales. In the nine months ended September 30, 2012, the Company had one significant customer in Colombia: Ecopetrol. For the three and nine months ended September 30, 2012, sales to Ecopetrol accounted for 71% and 77%, respectively, of the Company's consolidated oil and natural gas sales. For the three months ended September 30, 2012, the Company had an additional short-term significant customer, which accounted for 13% of the Company's revenues during the period.

#### 4. Property, Plant and Equipment and Inventory

##### Property, Plant and Equipment

(Thousands of U.S. Dollars)	As at September 30, 2013			As at December 31, 2012		
	Cost	Accumulated depletion, depreciation and impairment	Net book value	Cost	Accumulated depletion, depreciation and impairment	Net book value
Oil and natural gas properties						
Proved	\$1,710,788	\$(920,595)	\$790,193	\$1,562,477	\$(749,230)	\$813,247
Unproved	435,082	—	435,082	383,414	—	383,414
	2,145,870	(920,595)	1,225,275	1,945,891	(749,230)	1,196,661
Furniture and fixtures and leasehold improvements	8,215	(6,203)	2,012	7,575	(5,093)	2,482
Computer equipment	14,018	(7,458)	6,560	10,971	(5,248)	5,723
Automobiles	1,352	(823)	529	1,376	(816)	560
Total Property, Plant and Equipment	\$2,169,455	\$(935,079)	\$1,234,376	\$1,965,813	\$(760,387)	\$1,205,426





Depletion and depreciation expense on property, plant and equipment for the three months ended September 30, 2013, was \$59.1 million (three months ended September 30, 2012 - \$43.0 million) and for the nine months ended September 30, 2013, was \$172.7 million (nine months ended September 30, 2012 - \$120.8 million). A portion of depletion and depreciation expense was recorded as inventory in each period and adjusted for inventory changes.

In the second quarter of 2013, the Company recorded a ceiling test impairment loss of \$2.0 million in the Company's Brazil cost center as a result of lower realized prices and increased operating costs.

In the first quarter of 2012, the Company recorded a ceiling test impairment loss in the Company's Brazil cost center of \$20.2 million. This impairment loss resulted from the recognition of \$23.8 million of capital expenditures in relation to the Block BM-CAL-10 farm-out agreement in the first quarter of 2012. On February 17, 2012, in accordance with the terms of the farm-out agreement for Block BM-CAL-10 in Brazil, the Company gave notice to its joint venture partner that it would not enter into and assume its share of the work obligations of the second exploration period of the block. As a result, the farm-out agreement terminated and the Company did not receive any interest in this block. Pursuant to the farm-out agreement, the Company was obligated to make payment for a certain percentage of the costs relating to Block BM-CAL-10, which relate primarily to a well that was drilled during the term of the farm-out agreement. The notice of withdrawal was a trigger for payment of amounts that would otherwise have been due if the farm-out agreement had closed and the Company had acquired a working interest.

In the second quarter of 2013, the Company assumed its partner's 50% working interest in the Santa Victoria Block in Argentina and received cash consideration of \$4.1 million from its partner, comprising the balance owing for carry consideration and compensation for the second exploration phase work commitment. The Company also received proceeds of \$1.5 million relating to a sale of its 15% working interest in the Mecaya Block in Colombia.

During the third quarter of 2013, the Company received a net payment of \$54.0 million (before income taxes) from a third party in connection with termination of a farm-in agreement in the Recôncavo Basin relating to Block REC-T-129, Block REC-T-142, Block REC-T-155 and Block REC-T-224.

The Company successfully bid on three blocks in the 2013 Brazil Bid Round administered by Brazil's Agência Nacional de Petróleo, Gás Natural e Biocombustíveis ("ANP") and, in the third quarter of 2013, paid a signature bonus of \$14.4 million upon finalization of the concession agreement.

In Brazil, the exploration phase of the concession agreements on Blocks REC-T-129, REC-T-142 and REC-T-155 is due to expire on November 24, 2013; however, under the concession agreements the Company is able and has submitted an application to the ANP for extension of the exploration phase of these blocks. Additionally, the exploration phase of the concession agreement on Block REC-T-224 is due to expire on December 11, 2013, but we plan to apply for an extension of the exploration phase of this block. At September 30, 2013, unproved properties included \$59.6 million relating to these four blocks. Management assessed these blocks for impairment at September 30, 2013 and concluded no impairment had occurred.

In Argentina, Rio Negro Province has enacted legislation that changes the royalty regime associated with concession agreement extensions. The Company is negotiating concession agreement extensions and royalty rates for its Puesto Morales, Puesto Morales Este, Rinconada Norte and Rinconada Sur Blocks and expects that royalty rates in Rio Negro Province will likely increase and a bonus payment, not determinable at this time, may be payable for the concession agreement extensions.

The amounts of G&A expenses and stock-based compensation capitalized in each of the Company's cost centers were as follows:

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

(Thousands of U.S. Dollars)	Nine Months Ended September 30, 2013				Total
	Colombia	Argentina	Peru	Brazil	
Capitalized G&A, including stock-based compensation	\$14,746	\$2,896	\$5,981	\$5,813	\$29,436
Capitalized stock-based compensation	\$794	\$171	\$571	\$566	\$2,102
	Nine Months Ended September 30, 2012				
(Thousands of U.S. Dollars)	Colombia	Argentina	Peru	Brazil	Total
Capitalized G&A, including stock-based compensation	\$9,279	\$3,480	\$3,670	\$2,653	\$19,082
Capitalized stock-based compensation	\$376	\$275	\$—	\$216	\$867

Unproved oil and natural gas properties consist of exploration lands held in Colombia, Argentina, Peru and Brazil. As at September 30, 2013, the Company had \$163.0 million (December 31, 2012 - \$175.9 million) of unproved assets in Colombia, \$39.5 million (December 31, 2012 - \$42.3 million) of unproved assets in Argentina, \$154.6 million (December 31, 2012 - \$95.1 million) of unproved assets in Peru, and \$78.0 million (December 31, 2012 - \$70.1 million) of unproved assets in Brazil for a total of \$435.1 million (December 31, 2012 - \$383.4 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. The Company expects that approximately 62% of costs not subject to depletion at September 30, 2013, will be transferred to the depletable base within the next five years and the remainder in the next five to 10 years.

#### Inventory

At September 30, 2013, oil and supplies inventories were \$14.6 million and \$1.8 million, respectively (December 31, 2012 - \$31.2 million and \$2.3 million, respectively).

#### 5. 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 September 30, 2013, outstanding share capital consists of 271,872,896 shares of Common Stock of the Company, 6,744,728 exchangeable shares of Gran Tierra Exchangeco Inc., (the "Exchangeco exchangeable shares") and 4,534,127 exchangeable shares of Gran Tierra Goldstrike Inc. (the "Goldstrike exchangeable shares"). The redemption date of the Exchangeco exchangeable shares was previously established as November 14, 2013 (or at an earlier date under certain specified circumstances). However, pursuant to resolutions of the board of directors of Gran Tierra Exchangeco Inc., effective October 25, 2013, the redemption date for the Exchangeco exchangeable shares was extended to such later date as may be established by the board of directors of Gran Tierra Exchangeco Inc. at its discretion. The redemption date of the Goldstrike exchangeable shares was previously established as November 10, 2013. However, pursuant to resolutions of the board of directors of Gran Tierra Goldstrike Inc., effective October 31, 2013, the redemption date for the Goldstrike exchangeable shares was extended to such later date as may be established by the board of directors of Gran Tierra Goldstrike Inc. at its discretion. During the nine months ended September 30, 2013, 1,247,818 shares of Common Stock were issued upon the exercise of stock options, 452,950 shares of Common Stock were issued upon the exchange of the Exchangeco exchangeable shares and 1,689,683 shares of Common Stock were issued upon the exchange of the Goldstrike exchangeable shares.

The holders of shares of Common Stock are entitled to one vote for each share on all matters submitted to a stockholder 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 shares.

The Exchangeco exchangeable shares were issued upon acquisition of Solana Resources Limited. The Goldstrike exchangeable shares were issued upon the business combination between Gran Tierra Energy Inc., an Alberta corporation, and Goldstrike, Inc., which is now the Company. Holders of exchangeable shares have substantially the same rights as holders of shares of Common Stock. Each exchangeable share is exchangeable into one share of Common Stock of the Company.

#### Restricted Stock Units and Stock Options

In May 2013, the Company issued RSUs and stock options, which will vest as to 1/3 of the awards on each of March 1, 2014, March 1, 2015 and March 1, 2016. The term of options granted starting May 2013 is five years or three months after the grantee's end of service to the Company, whichever occurs first. Options granted prior to May 2013 continue to have a term of ten years or three months after the grantee's end of service to the Company, whichever occurs first. Once an RSU is vested, it is immediately settled and considered to be at the end of its term.

The following table provides information about long-term incentive plan ("LTIP") activity for the nine months ended September 30, 2013:

17

---

	RSUs	Options	Weighted Average
	Number of	Number of	Exercise Price
	Outstanding Share	Outstanding	\$/Option
	Units	Options	
Balance, December 31, 2012	—	15,399,662	5.11
Granted	939,365	2,066,935	6.27
Exercised	—	(1,247,818	) (2.79
Forfeited	(21,655	) (284,835	) (6.17
Expired	—	(102,593	) (6.57
Balance, September 30, 2013	917,710	15,831,351	5.42

For the nine months ended September 30, 2013, 1,247,818 shares of Common Stock were issued for cash proceeds of \$3.5 million upon the exercise of 1,247,818 stock options (nine months ended September 30, 2012 - \$3.8 million).

The weighted average grant date fair value for options granted in the three months ended September 30, 2013, was \$2.34 (three months ended September 30, 2012 - \$2.62) and for the nine months ended September 30, 2013, was \$2.62 (nine months ended September 30, 2012 - \$3.36). As a result of the change in the term of stock options to five years for stock options granted starting May 2013, the weighted average volatility used in the Black-Scholes option pricing model was reduced to 43% for the three months ended September 30, 2013 and 53% for the nine months ended September 30, 2013, from 75% for the year ended December 31, 2012, resulting in a lower grant date fair value per share than in prior periods.

The amounts recognized for stock-based compensation were as follows:

(Thousands of U.S. Dollars)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Compensation costs for stock options	\$2,132	\$3,268	\$6,314	\$10,721
Compensation costs for RSUs	1,282	—	1,901	—
	3,414	3,268	8,215	10,721
Less: stock-based compensation costs capitalized	(1,717	) (336	) (2,102	) (867
Total stock-based compensation expense	\$1,697	\$2,932	\$6,113	\$9,854

Of the total compensation expense for the three months ended September 30, 2013, \$1.3 million (three months ended September 30, 2012 - \$2.6 million) was recorded in G&A expenses and \$0.4 million (three months ended September 30, 2012 - \$0.3 million) was recorded in operating expenses. Of the total compensation expense for the nine months ended September 30, 2013, \$5.3 million (nine months ended September 30, 2012 - \$8.9 million) was recorded in G&A expenses and \$0.8 million (nine months ended September 30, 2012 - \$0.9 million) was recorded in operating expenses.

At September 30, 2013, there was \$11.3 million (December 31, 2012 - \$8.2 million) of unrecognized compensation cost related to unvested LTIP units which is expected to be recognized over a weighted average period of 2.1 years.

Net income per share

Basic net income per share is calculated by dividing net income attributable to common shareholders by the weighted average number of shares of Common Stock and exchangeable shares issued and outstanding during each period. Diluted net income per share is calculated by adjusting the weighted average number of shares of Common Stock and exchangeable shares outstanding for the dilutive effect, if any, of share equivalents. The Company uses the treasury stock method to determine the dilutive effect. This method assumes that all Common Stock equivalents have been

exercised at the beginning of the period (or at the time of issuance, if later), and that the funds obtained thereby were used to purchase shares of Common Stock of the Company at the volume weighted average trading price of shares of Common Stock during the period.

	Three Months Ended		Nine Months Ended	
	September 30, 2013	2012	September 30, 2013	2012
Weighted average number of common and exchangeable shares outstanding	283,092,224	281,695,212	282,687,871	280,387,484
Shares issuable pursuant to warrants	—	—	—	235,582
Shares issuable pursuant to stock options	12,428,489	5,643,730	10,823,968	5,947,880
Shares assumed to be purchased from proceeds of stock options	(9,494,194 )	(2,733,780 )	(7,691,832 )	(2,602,562 )
Weighted average number of diluted common and exchangeable shares outstanding	286,026,519	284,605,162	285,820,007	283,968,384

For the three months ended September 30, 2013, 3,472,472 options (three months ended September 30, 2012 - 9,957,585 options) were excluded from the diluted income per share calculation as the options were anti-dilutive. For the nine months ended September 30, 2013, 5,584,732 options (nine months ended September 30, 2012 - 9,808,758 options) were excluded from the diluted income per share calculation as the options were anti-dilutive.

#### 6. Asset Retirement Obligation

Changes in the carrying amounts of the asset retirement obligation associated with the Company's oil and natural gas properties were as follows:

(Thousands of U.S. Dollars)	Nine Months Ended September 30, 2013	Year Ended December 31, 2012
Balance, beginning of year	\$18,292	\$12,669
Settlements	(2,068	) (404 )
Liability incurred	1,397	5,190
Liability assumed in a business combination	—	410
Foreign exchange	(23	) 45
Accretion	918	998
Revisions in estimated liability	1,872	(616 )
Balance, end of period	\$20,388	\$18,292
Asset retirement obligation - current	\$—	\$28
Asset retirement obligation - long-term	20,388	18,264
Balance, end of period	\$20,388	\$18,292

For the nine months ended September 30, 2013, settlements included cash payments of \$0.9 million with the balance in accounts payable and accrued liabilities at September 30, 2013. Revisions to estimated liabilities relate primarily to changes in estimates of asset retirement costs and include, but are not limited to, revisions of estimated inflation rates, changes in property lives and the expected timing of settling the asset retirement obligation. At September 30, 2013, the fair value of assets that are legally restricted for purposes of settling the asset retirement obligation was \$1.9 million (December 31, 2012 - \$1.3 million).



## 7. 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)	Nine Months Ended September 30,	
	2013	2012
Income (loss) before income taxes		
United States	\$(8,488	\$(7,942
Foreign	256,602	147,618
	248,114	139,676
	35	% 35
Income tax expense expected	86,840	48,887
Foreign currency translation adjustments	(7,649	) 8,025
Impact of foreign taxes	1,908	2,716
Stock-based compensation	1,943	3,277
Increase in valuation allowance	22,700	9,304
Branch and other foreign loss pick-up	(2,013	) (4,358
Non-deductible third party royalty in Colombia	8,812	9,951
Other permanent differences	(3,180	) 4,478
Total income tax expense	\$109,361	\$82,280
Current income tax expense		
United States	\$813	\$778
Foreign	132,339	90,357
	133,152	91,135
Deferred income tax recovery		
United States	—	—
Foreign	(23,791	) (8,855
	(23,791	) (8,855
Total income tax expense	\$109,361	\$82,280

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

(Thousands of U.S. Dollars)	As at	
	September 30, 2013	December 31, 2012
Deferred Tax Assets		
Tax benefit of operating loss carryforwards	\$53,693	\$51,920
Tax basis in excess of book basis	44,500	22,519
Foreign tax credits and other accruals	30,550	30,926
Tax benefit of capital loss carryforwards	4,835	4,779
Deferred tax assets before valuation allowance	133,578	110,144
Valuation allowance	(129,412)	(106,226)
	\$4,166	\$3,918
Deferred tax assets - current	\$2,090	\$2,517
Deferred tax assets - long-term	2,076	1,401
	4,166	3,918
Deferred tax liabilities - current	(1,643)	(337)
Deferred tax liabilities - long-term	(183,925)	(225,195)
	(185,568)	(225,532)
Net Deferred Tax Liabilities	\$(181,402)	\$(221,614)

As at September 30, 2013, the Company had operating loss carryforwards of \$233.7 million (December 31, 2012 - \$213.1 million) and capital loss carryforwards of \$32.6 million (December 31, 2012 - \$35.9 million) before valuation allowance. Of these operating loss carryforwards and capital loss carryforwards, \$233.8 million (December 31, 2012 - \$215.2 million) were losses generated by the foreign subsidiaries of the Company. In certain jurisdictions, the operating loss carryforwards expire between 2014 and 2033 and the capital loss carryforwards expire between 2014 and 2017, while certain other jurisdictions allow operating losses to be carried forward indefinitely.

As at September 30, 2013, the total amount of Gran Tierra's unrecognized tax benefit was approximately \$19.8 million (December 31, 2012 - \$21.8 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.

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

(Thousands of U.S. Dollars)	Nine Months Ended September 30,	
	2013	2012
Unrecognized tax benefit at beginning of period	\$21,800	\$20,500
Changes for positions relating to prior year	(2,000)	—
Unrecognized tax benefit at end of period	\$19,800	\$20,500

The Company and its subsidiaries file income tax returns in the U.S. and certain other foreign jurisdictions. The Company is potentially subject to income tax examinations for the tax years 2005 through 2012 in certain jurisdictions. The Company does not anticipate any material changes to the unrecognized tax benefit disclosed above within the next twelve months.

The equity tax liability at September 30, 2013, and December 31, 2012, includes a Colombian tax of 6% on a legislated measure and was calculated based on the Company's Colombian segment's balance sheet equity for tax purposes at January 1, 2011. The tax is payable in eight semi-annual installments over four years, but was expensed in the first quarter of 2011 at the commencement of the four-year period. The equity tax liability also partially related to

an equity tax liability assumed upon the 2011 acquisition of Petrolifera Petroleum Limited.

## 8. Contingencies

Gran Tierra Energy Colombia, Ltd. and Petrolifera Petroleum Exploration (Colombia) Ltd (collectively "GTEC") and Ecopetrol, 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, prior to GTEC's purchase of the companies originally involved in the dispute. There has been no agreement between the parties, and Ecopetrol filed a lawsuit in the Contravention Administrative Tribunal in the District of Cauca (the "Tribunal") regarding this matter. During the first quarter of 2013, the Tribunal ruled in favor of Ecopetrol and awarded Ecopetrol 44,025 bbl of oil. GTEC has filed an appeal of the ruling to the Supreme Administrative Court (Consejo de Estado) in a second instance procedure. During the nine months ended September 30, 2013, based on market oil prices in Colombia, Gran Tierra accrued \$4.4 million in the condensed consolidated financial statements in relation to this dispute.

Gran Tierra's production from the Costayaco field is subject to an additional royalty that applies when cumulative gross production from a commercial field is greater than 5 MMbbl. This additional royalty is calculated on the difference between a trigger price defined by the Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) ("ANH") and the sales price. The ANH has requested that the additional compensation be paid with respect to production from 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, Gran Tierra views the Costayaco field and the Moqueta discovery as two clearly separate and independent hydrocarbon accumulations. Therefore, it is Gran Tierra's 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 oil production from any new Exploitation Area created with respect to the Moqueta discovery exceeds 5 MMbbl. Discussions with the ANH have not resolved this issue and Gran Tierra has initiated the dispute resolution process and filed an arbitration claim. As at September 30, 2013, total cumulative production from the Moqueta field was 1.9 MMbbl. The estimated compensation which would be payable on cumulative production to date if the ANH's interpretation is successful is \$31.7 million. At this time, no amount has been accrued in the condensed consolidated financial statements nor deducted from the Company's reserves as Gran Tierra does not consider it probable that a loss will be incurred.

Additionally, the ANH and Gran Tierra Colombia are engaged in discussions regarding the interpretation of whether certain transportation and related costs are eligible to be deducted in the calculation of the additional royalty. Discussions with the ANH are ongoing. As at September 30, 2013, the estimated compensation which would be payable if the ANH's interpretation is successful is \$23.4 million. At this time, no amount has been accrued in the condensed consolidated financial statements as Gran Tierra does not consider it probable that a loss will be incurred.

Gran Tierra has several lawsuits and claims pending. Although the outcome of these lawsuits and disputes cannot be predicted with certainty, 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. Gran Tierra records costs as they are incurred or become probable and determinable.

### Letters of credit

At September 30, 2013, the Company had provided promissory notes totaling \$49.6 million (December 31, 2012 - \$34.2 million) as security for letters of credit relating to work commitment guarantees contained in exploration contracts and other capital or operating requirements.

## 9. Financial Instruments, Fair Value Measurements and Credit Risk

At September 30, 2013, the Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities, and contingent consideration and contingent liability included in other long-term liabilities. The fair value of long-term restricted cash approximates its carrying value because interest rates are variable and reflective of market rates. Contingent consideration, which relates to the acquisition of the remaining 30% working interest in certain properties in Brazil in October 2012, was recorded on the balance sheet at the acquisition date fair value based on the consideration expected to be transferred and discounted back to present value by applying an appropriate discount rate that reflected the risk factors associated with the payment streams. The discount rate used was determined at the time of measurement in accordance with accepted valuation methods. The contingent liability which relates to a dispute with Ecopetrol (Note 8) was based on the fair value of the amount awarded. The fair value of the contingent consideration and contingent liability is being remeasured at the estimated fair value at each reporting period with the change in fair value recognized as income or expense in operating income. The fair value of the contingent consideration was \$1.1 million at September 30, 2013, and December 31, 2012. The fair value of the contingent liability was \$4.4 million at

September 30, 2013. The fair values of other financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. At September 30, 2013, and December 31, 2012, the Company held no derivative instruments.

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 consist of quoted prices (unadjusted) 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. The fair value of the contingent consideration payable in connection with the Brazil acquisition was determined using Level 3 inputs at September 30, 2013, and December 31, 2012. The disclosure in the paragraph above regarding the fair value of other financial instruments is based on Level 1 inputs.

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The carrying value of cash and accounts receivable reflects management's assessment of credit risk.

At September 30, 2013, cash and cash equivalents and restricted cash included balances in savings and checking accounts, as well as term deposits and certificates of deposit, placed primarily with financial institutions with strong investment grade ratings or governments, or the equivalent in the Company's operating areas. Any foreign currency transactions are conducted on a spot basis, with major financial institutions in the Company's operating areas.

Most of the Company's accounts receivable relate to uncollateralized sales to customers in the oil and natural gas industry and are exposed to typical industry credit risks. The concentration of revenues 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. 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. For the nine months ended September 30, 2013, the Company had two customers which were significant to the Colombian segment, three customers which were significant to the Argentina segment and one customer which was significant to the Brazilian segment.

For the nine months ended September 30, 2013, 87% (nine months ended September 30, 2012 - 86%) of the Company's revenue and other income was generated in Colombia.

Additionally, foreign exchange gains and losses mainly result from fluctuation of the U.S. dollar to the Colombian peso due to Gran Tierra's current and deferred tax liabilities, which are monetary liabilities mainly denominated in the local currency of the Colombian foreign operations. As a result, foreign exchange gains and losses 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 \$95,000 for each one peso decrease in the exchange rate of the Colombian peso to one U.S. dollar.

The Argentina 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 Argentina Central Bank. The Argentina Central Bank may require prior authorization and may or may not grant such authorization for Gran Tierra's Argentina subsidiaries to make dividends or loan payments to the Company. During the three months ended June 30, 2013, the Company repatriated \$11.1 million from one of its Argentina subsidiaries through loan repayments, authorized by the Argentina Central Bank. These were repayments of loan principal and as such had no withholding tax applied. At September 30, 2013, \$20.3 million, or 6%, of the Company's cash and cash

equivalents was deposited with banks in Argentina. We expect to use these funds for the Argentina work program and operations in 2013.

#### 10. Credit Facilities

At September 30, 2013, a subsidiary of Gran Tierra had a credit facility with a syndicate of banks, led by Wells Fargo Bank National Association as administrative agent. This reserve-based facility has a current borrowing base of \$150 million and a maximum borrowing base of up to \$300 million and is supported by the present value of the petroleum reserves of two of the Company's subsidiaries with operating branches in Colombia and the Company's subsidiary in Brazil. Amounts drawn down under the facility bear interest at the U.S. dollar LIBOR rate plus a margin ranging between 2.25% and 3.25% per annum depending on the rate of borrowing base utilization. In addition, a stand-by fee of 0.875% per annum is charged on the unutilized balance of the committed borrowing base and is included in G&A expenses. The credit facility was entered into on August 30, 2013 and became effective on October 31, 2013 for a three-year term. Subsequent to the effective date, the

Company has not drawn down any amounts under the new credit facility. Under the terms of the facility, the Company is required to maintain and was in compliance with certain financial and operating covenants. Under the terms of the credit facility, the Company cannot pay any dividends to its shareholders if it is in default under the facility and, if the Company is not in default, then it is required to obtain bank approval for any dividend payments exceeding \$2 million in any fiscal year.

#### 11. Related Party Transactions

On August 7, 2012, Gran Tierra entered into a contract related to the Brazil drilling program with a company for which one of Gran Tierra's directors is a shareholder and was a director. During the three and nine months ended September 30, 2013, \$4.2 million and \$11.8 million, respectively, (three and nine months ended September 30, 2012 - \$nil) was incurred and capitalized under this contract. At September 30, 2013, \$2.3 million (December 31, 2012 - \$1.1 million) was included in accounts payable relating to this contract.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report, and in particular this Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Please see the cautionary language at the very beginning of this Quarterly Report on Form 10-Q regarding the identification of and risks relating to forward-looking statements, as well as Part II, Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q.

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 Supplementary Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Items 8 and 7, respectively, of our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission ("SEC") on February 26, 2013.

## 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. Our operations are carried out in South America with business units in Colombia, Argentina, Peru and Brazil, and we are headquartered in Calgary, Alberta, Canada. For the nine months ended September 30, 2013, 87% (nine months ended September 30, 2012 - 86%) of our revenue and other income was generated in Colombia.

## Highlights

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	% Change	2013	2012	% Change
Production (BOEPD) (1)	21,978	19,491	13	22,505	16,797	34
Prices Realized - per BOE	\$93.46	\$94.03	(1 )	\$91.46	\$95.26	(4 )
Revenue and Other Income (\$000s)	\$189,658	\$168,933	12	\$563,839	\$440,034	28
Net Income (\$000s)	\$33,057	\$44,605	(26 )	\$138,753	\$57,396	142
Net Income Per Share - Basic	\$0.12	\$0.16	(25 )	\$0.49	\$0.20	145
Net Income Per Share - Diluted	\$0.12	\$0.16	(25 )	\$0.49	\$0.20	145
Funds Flow From Operations (\$000s) (2)	\$84,546	\$89,935	(6 )	\$284,659	\$206,511	38
Net Capital Expenditures (\$000s) (3)	\$36,619	\$61,790	(41 )	\$203,642	\$215,985	(6 )
		As at				
		September 30, 2013		December 31, 2012		% Change
Cash & Cash Equivalents (\$000s)		\$353,064		\$212,624		66

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Working Capital (including cash & cash equivalents) (\$000s)	\$ 289,609	\$ 222,468	30
Property, Plant & Equipment (\$000s)	\$ 1,234,376	\$ 1,205,426	2

25

---

(1) Production represents production volumes NAR adjusted for inventory changes.

(2) Funds flow from operations is a non-GAAP measure which does not have any standardized meaning prescribed under generally accepted accounting principles in the United States of America (“GAAP”). Management uses this financial measure to analyze operating performance and the income generated by our principal business activities prior to the consideration of how non-cash items affect that income, and believes that this financial measure is also useful supplemental information for investors to analyze operating performance and our financial results. Investors should be cautioned that this measure should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with GAAP. Our 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”) expenses, deferred tax recovery, stock-based compensation, unrealized foreign exchange gain or loss, settlement of asset retirement obligation, equity tax and other loss. A reconciliation from net income to funds flow from operations is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Funds Flow From Operations - Non-GAAP Measure (\$000s)	2013	2012	2013	2012
Net income	\$33,057	\$44,605	\$138,753	\$57,396
Adjustments to reconcile net income to funds flow from operations				
DD&A expenses	58,875	45,044	180,309	137,982
Deferred tax (recovery) expense	(8,042)	) 1,195	(23,791)	) (8,855)
Stock-based compensation	1,697	2,932	6,113	9,854
Unrealized foreign exchange loss (gain)	1,513	(2,092)	) (16,853)	) 14,072
Cash settlement of asset retirement obligation	(927)	) —	(927)	) (404)
Equity tax	(1,627)	) (1,749)	) (3,345)	) (3,534)
Other loss	—	—	4,400	—
Funds flow from operations	\$84,546	\$89,935	\$284,659	\$206,511

(3) In the third quarter of 2013, segment capital expenditures in Brazil are net of proceeds of \$54.0 million relating to termination of a farm-in agreement. Additionally, segment capital expenditures for the nine months ended September 30, 2013, are net of proceeds of \$4.1 million relating to the Company's assumption of the remaining 50% working interest in the Santa Victoria Block in Argentina and \$1.5 million relating to the Company's sale of its 15% working interest in the Mecaya Block in Colombia.

For the three and nine months ended September 30, 2013, oil and gas production, NAR and adjusted for inventory changes, increased by 13% to 21,978 BOEPD and by 34% to 22,505 BOEPD compared with the corresponding periods in 2012, respectively. In Colombia, alternative transportation arrangements to minimize the impact of pipeline disruptions, production from new wells and a decrease in oil inventory had a positive impact on production in 2013. In the three and nine months ended September 30, 2013, production was 75% from the Chaza Block in Colombia. In the three months ended September 30, 2013, the Puesto Morales and Surubi Blocks in Argentina contributed 7% and 4% of total production, respectively, and in the nine months ended September 30, 2013, their contribution was 8% and 5%, respectively.

For the three and nine months ended September 30, 2013, revenue and other income increased by 12% to \$189.7 million and by 28% to \$563.8 million compared with \$168.9 million and \$440.0 million in the corresponding periods in 2012, respectively. The positive contribution from higher production levels was partially offset by lower realized

prices. The average price realized per BOE decreased by 1% to \$93.46 and by 4% to \$91.46 for the three and nine months ended September 30, 2013, from \$94.03 and \$95.26, in the comparable periods in 2012, respectively.

Net income was \$33.1 million, or \$0.12 per share basic and diluted, and \$138.8 million, or \$0.49 per share basic and diluted, for the three and nine months ended September 30, 2013, respectively, compared with \$44.6 million and \$57.4 million, or \$0.16 and \$0.20 per share basic and diluted, in the corresponding periods in 2012, respectively. For the three months ended September 30, 2013, increased oil and natural gas sales were more than offset by increased DD&A, general and administrative ("G&A") and income tax expenses and foreign exchange losses. For the nine

months ended September 30, 2013, increased oil and natural gas sales and foreign exchange gains and lower G&A expenses were partially offset by increased DD&A, operating and income tax expenses.

For the three and nine months ended September 30, 2013, funds flow from operations decreased by 6% to \$84.5 million and increased by 38% to \$284.7 million, respectively. For the three months ended September 30, 2013, increased oil and natural gas sales were more than offset by increased G&A and income tax expenses. For the nine months ended September 30, 2013, increased oil and natural gas sales, lower G&A expenses and decreased realized foreign exchange losses were partially offset by increased operating and income tax expenses.

Cash and cash equivalents were \$353.1 million at September 30, 2013, compared with \$212.6 million at December 31, 2012. The increase in cash and cash equivalents during the nine months ended September 30, 2013, was primarily the result of funds flow from operations of \$284.7 million, a \$64.4 million change in assets and liabilities from operating activities, partially offset by capital expenditures, net of proceeds from oil and gas properties, of \$208.0 million.

Working capital (including cash and cash equivalents) was \$289.6 million at September 30, 2013, a \$67.1 million increase from December 31, 2012.

Property, plant and equipment at September 30, 2013, was \$1.2 billion, an increase of \$29.0 million from December 31, 2012, as a result of \$203.6 million of net capital expenditures (net of proceeds from oil and gas properties of \$59.6 million and excluding changes in non-cash working capital), partially offset by \$174.6 million of depletion, depreciation and impairment expenses.

Net capital expenditures for the nine months ended September 30, 2013, were \$203.6 million compared with \$216.0 million for the nine months ended September 30, 2012. In 2013, capital expenditures included drilling of \$161.1 million, geological and geophysical ("G&G") expenditures of \$56.9 million, facilities of \$27.4 million and other expenditures of \$17.8 million. Capital expenditures in 2013 were offset by proceeds from oil and gas properties of \$59.6 million.

#### Business Environment Outlook

Our revenues have been significantly affected by pipeline disruptions in Colombia and the continuing fluctuations in oil prices. Oil prices are volatile and unpredictable and are influenced by concerns about financial markets and the impact of the worldwide economy on oil supply and demand.

We believe that our current operations and 2013 capital expenditure program can be funded from cash flow from existing operations and cash on hand. Should our operating cash flow decline due to unforeseen events, including additional pipeline delivery restrictions in Colombia or a downturn in oil and gas prices, we would examine measures such as capital expenditure program reductions, use of our existing revolving credit facility, issuance of debt, disposition of assets, or issuance of equity. Continuing social and political uncertainty in the Middle East, North Africa and South America, economic uncertainty in the United States, Europe and Asia and changes in global supply and infrastructure are having an impact on world markets and we are unable to determine the impact, if any, these events may have on oil prices. The timing and execution of our capital expenditure program are also affected by the availability of services from third party oil field contractors and our ability to obtain, sustain or renew necessary government licenses and permits on a timely basis to conduct exploration and development activities. Any delay may affect our ability to execute our capital expenditure program.

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 shares of our Common Stock. Our ability to utilize our Common Stock to raise capital may be negatively affected by declines in the price of shares of our Common Stock. Also, raising funds by issuing shares or other equity securities would further dilute our existing shareholders, and this dilution would be exacerbated by a decline in our share 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, may require compliance with debt covenants and will expose us to interest rate risk. Depending on the currency used to borrow money, we may also be exposed to further foreign exchange risk. Our ability to borrow money and the interest rate we pay for any money we borrow will be affected by market conditions, and we cannot predict what price we may pay for any borrowed money.

## Consolidated Results of Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	% Change	2013	2012	% Change
(Thousands of U.S. Dollars)						
Oil and natural gas sales	\$188,974	\$168,616	12	\$561,935	\$438,406	28
Interest income	684	317	116	1,904	1,628	17
	189,658	168,933	12	563,839	440,034	28
Operating expenses	35,588	36,295	(2)	108,505	88,115	23
DD&A expenses	58,875	45,044	31	180,309	137,982	31
G&A expenses	14,673	12,896	14	37,840	46,394	(18)
Foreign exchange loss (gain)	1,880	(1,315)	) 243	(15,329)	) 27,867	(155)
Other loss	—	—	—	4,400	—	—
	111,016	92,920	19	315,725	300,358	5
Income before income taxes	78,642	76,013	3	248,114	139,676	78
Income tax expense	(45,585)	) (31,408)	) 45	(109,361)	) (82,280)	) 33
Net income	\$33,057	\$44,605	(26)	) \$138,753	\$57,396	142
Production						
Oil and NGL's, bbl	1,969,077	1,726,224	14	5,982,710	4,410,917	36
Natural gas, Mcf	317,834	401,783	(21)	) 968,518	1,148,440	(16)
Total production, BOE (1)	2,022,049	1,793,188	13	6,144,130	4,602,324	34
Average Prices						
Oil and NGL's per bbl	\$95.28	\$96.75	(2)	) \$93.26	\$98.42	(5)
Natural gas per Mcf	\$4.25	\$4.01	6	\$4.13	\$3.75	10
Consolidated Results of Operations per BOE						
Oil and natural gas sales	\$93.46	\$94.03	(1)	) \$91.46	\$95.26	(4)
Interest income	0.34	0.18	89	0.31	0.35	(11)
	93.80	94.21	—	91.77	95.61	(4)
Operating expenses	17.60	20.24	(13)	) 17.66	19.15	(8)
DD&A expenses	29.12	25.12	16	29.35	29.98	(2)
G&A expenses	7.26	7.19	1	6.16	10.08	(39)
Foreign exchange loss (gain)	0.93	(0.73)	) 227	(2.49)	) 6.05	(141)
Other loss	—	—	—	0.72	—	—
	54.91	51.82	6	51.40	65.26	(21)
Income before income taxes	38.89	42.39	(8)	) 40.37	30.35	33
Income tax expense	(22.54)	) (17.52)	) 29	(17.80)	) (17.88)	) —
Net income	\$16.35	\$24.87	(34)	) \$22.57	\$12.47	81

(1) Production represents production volumes NAR adjusted for inventory changes.

Net income for the three and nine months ended September 30, 2013, was \$33.1 million and \$138.8 million, respectively, compared with \$44.6 million and \$57.4 million in the comparable periods in 2012. On a per share basis, net income decreased to \$0.12 per share basic and diluted for the three months ended September 30, 2013, from \$0.16 per share basic and diluted in the corresponding period in 2012. For the nine months ended September 30, 2013, net income increased to \$0.49 per share basic and diluted from \$0.20 per share basic and diluted in the corresponding period in 2012.



For the three months ended September 30, 2013, increased oil and natural gas sales were more than offset by increased DD&A, G&A and income tax expenses and foreign exchange losses. For the nine months ended September 30, 2013, increased oil and natural gas sales and foreign exchange gains and lower G&A expenses were partially offset by increased DD&A, operating and income tax expenses.

Oil and NGL production for the three months ended September 30, 2013, increased to 2.0 MMbbl compared with 1.7 MMbbl in 2012. The increase was primarily due to new wells and the reduced impact of pipeline disruptions in Colombia as well as higher production in Brazil, partially offset by reduced production in Argentina.

Oil and NGL production for the nine months ended September 30, 2013, increased to 6.0 MMbbl compared with 4.4 MMbbl in 2012. The increase was due to the reduced impact of pipeline disruptions in Colombia, a decrease in oil inventory in the Ecopetrol S.A. ("Ecopetrol")-operated Trans-Andean oil pipeline (the "OTA pipeline") and associated Ecopetrol owned facilities in the Putumayo Basin, and production from new wells in Colombia. The net inventory reduction accounted for 0.1 MMbbl or 230 BOPD of the production increase. In the three and nine months ended September 30, 2013, the impact of OTA pipeline disruptions on production was mitigated by selling a portion of our oil through trucking and an alternative pipeline.

Average realized oil prices decreased by 2% to \$95.28 per bbl for the three months ended September 30, 2013, from \$96.75 per bbl in the comparable period in 2012 and decreased by 5% to \$93.26 per bbl for the nine months ended September 30, 2013, from \$98.42 per bbl in the comparable period in 2012. Average Brent oil prices for the three and nine months ended September 30, 2013, were \$110.27 and \$108.45 per bbl, respectively, compared with \$109.61 and \$112.20 per bbl in the corresponding periods in 2012. WTI oil prices for the three and nine months ended September 30, 2013, averaged \$105.80 and \$98.14 per bbl, respectively, compared with \$92.27 and \$96.21 per bbl in the corresponding periods in 2012. During the three and nine months ended September 30, 2013, 38% and 39% of our oil and gas volumes sold in Colombia, respectively, were to a customer which takes delivery at the Costayaco battery and transports the oil by truck over a 1,500 km route to the Port of Barranquilla. The sales price for this customer is based on average WTI prices plus a Vasconia differential and premium, less trucking costs. For sales to this customer, the trucking costs are recorded as a reduction of the realized price and not as operating costs.

Revenue and other income for the three months ended September 30, 2013, increased to \$189.7 million from \$168.9 million in the comparable period in 2012 as a result of increased production, partially offset by decreased realized prices. Revenue and other income for the nine months ended September 30, 2013, increased to \$563.8 million from \$440.0 million in the comparable period in 2012 due to the same factors.

Operating expenses decreased by 2% to \$35.6 million and increased by 23% to \$108.5 million for the three and nine months ended September 30, 2013, respectively, from the comparable periods in 2012. For the three months ended September 30, 2013, the decrease in operating expenses was primarily due to a decrease in the operating cost per BOE, partially offset by increased production. For the nine months ended September 30, 2013, a decrease in the operating cost per BOE was more than offset by increased production. On a per BOE basis, operating expenses decreased by 13% to \$17.60 and 8% to \$17.66 for the three and nine months ended September 30, 2013, respectively, from \$20.24 and \$19.15 in the comparable periods in 2012. Operating expenses per BOE decreased in 2013 primarily due to OTA transportation costs and other trucking costs not incurred for those volumes subject to alternative transportation arrangements, whereby trucking costs related to a 1,500 km route are paid by the purchaser and netted to arrive at our realized price.

DD&A expenses for the three months ended September 30, 2013, increased to \$58.9 million from \$45.0 million in the comparable period in 2012, due to increased production and an increased depletion rate. On a per BOE basis, the depletion rate increased by 16% to \$29.12 from \$25.12 due to increased costs in the depletable base only partially offset by increased reserves.

DD&A expenses for the nine months ended September 30, 2013, increased to \$180.3 million from \$138.0 million in the comparable period in 2012. The impact of increased production was partially offset by a reduction in ceiling test impairment losses. DD&A expenses for the nine months ended September 30, 2013, included a \$2.0 million ceiling test impairment loss in our Brazil cost center. DD&A expenses for the nine months ended September 30, 2012, included a \$20.2 million ceiling test impairment loss in our Brazil cost center related to seismic and drilling costs on Block BM-CAL-10. On a per BOE basis, the depletion rate was consistent with the comparable period at \$29.35. Reduced Brazil cost center impairment losses and increased reserves were offset by increased costs in the depletable base.

G&A expenses for the three months ended September 30, 2013, increased by 14% to \$14.7 million from \$12.9 million compared with the corresponding period in 2012. Increased employee related costs reflecting expanded operations and withholding tax on inter-company charges were partially offset by higher G&A allocations to operating expenses and capital projects within the business units. G&A expenses per BOE of \$7.26 were consistent with the comparable period in 2012.

G&A expenses for the nine months ended September 30, 2013, decreased by 18% to \$37.8 million from \$46.4 million, compared with the corresponding period in 2012. Increased employee related costs reflecting expanded operations and withholding tax on inter-company charges were more than offset by higher G&A allocations to operating expenses and capital projects within the business units. G&A expenses per BOE of \$6.16, were 39% lower compared with \$10.08 in 2012 due to increased production and higher G&A allocations to operating expenses and capital projects within the business units.

For the three months ended September 30, 2013, the foreign exchange loss was \$1.9 million and for the nine months ended September 30, 2013, the foreign exchange gain was \$15.3 million. For the three months ended September 30, 2013, we had realized foreign exchange losses of \$0.4 million and an unrealized non-cash foreign exchange loss of \$1.5 million. For the nine months ended September 30, 2013, we had realized foreign exchange losses of \$1.6 million and an unrealized non-cash foreign exchange gain of \$16.9 million. The unrealized foreign exchange gain in the nine months ended September 30, 2013, was a result of a net monetary liability position in Colombia combined with the weakening of the Colombian Peso. This was partially offset by foreign exchange losses resulting from a net monetary asset position in Argentina and the weakening of the Argentina Peso.

For the three months ended September 30, 2012, there was a foreign exchange gain of \$1.3 million, comprising a \$2.1 million unrealized non-cash foreign exchange gain and realized foreign exchange losses of \$0.8 million. For the nine months ended September 30, 2012, there was a foreign exchange loss of \$27.9 million, comprising a \$14.1 million unrealized non-cash foreign exchange loss and realized foreign exchange losses of \$13.8 million. The unrealized non-cash foreign exchange loss was a result of a net monetary liability position in Colombia combined with the strengthening of the Colombian Peso. The realized foreign exchange loss primarily arose upon payment of the 2011 Colombian income tax liability during the second quarter of 2012.

Other loss of \$4.4 million in the nine months ended September 30, 2013, relates to a contingent loss accrued in connection with a legal dispute in which we received an adverse legal judgment in the first quarter of 2013. We have filed an appeal against the judgment.

Income tax expense was \$45.6 million and \$109.4 million for the three and nine months ended September 30, 2013, respectively, compared with \$31.4 million and \$82.3 million in the comparable periods in 2012. The increase was primarily due to higher taxable income in Colombia and Brazil. In Brazil, a net payment of \$54.0 million from a third party in connection with the termination of a farm-in agreement resulted in a current tax liability of approximately \$10.4 million during the third quarter of 2013. The effective tax rate was 44% in the nine months ended September 30, 2013, compared with 59% in the comparable period in 2012. The change in the effective tax rate from the comparable period in 2012 was primarily due to a decrease in non-deductible foreign currency translation adjustments and other permanent differences, partially offset by an increase in the valuation allowance.

For the nine months ended September 30, 2013, the differential between the effective tax rate of 44% and the 35% U.S. statutory rate was primarily attributable to the increase in valuation allowance, a non-deductible third party royalty in Colombia and non-deductible foreign currency translation adjustments. The variance from the 35% U.S. statutory rate for 2012 was primarily attributable to the same factors as 2013.

#### 2013 Work Program and Capital Expenditure Program

Our 2013 capital program has been revised to \$420 million from \$454 million. This includes: \$218 million for Colombia; \$89 million for Brazil; \$25 million for Argentina; \$87 million for Peru; and \$1 million associated with corporate activities. The majority of the decrease in our capital spending is due to deferral of the following projects to 2014: facilities work on the Jilguero Block in Colombia; the Proa-3 well in Argentina; the long-term test on the

Bretaña Norte 95-2-1XD exploration well on Block 95 and the seismic program on Block 107 in Peru; and facilities work on Block REC-T-155 in Brazil. These decreases in 2013 capital spending were partially offset by new appraisal wells planned for Colombia. The capital spending program allocates \$239 million for drilling; \$58 million for facilities, pipelines and other; \$108 million for G&G expenditures; \$14 million for acquisitions; and \$1 million for corporate activities. Of the \$239 million allocated to drilling, approximately \$119 million is for exploration and the balance is for appraisal and development drilling.

Our 2013 work program is intended to create both growth and value by developing existing assets to increase reserves and production levels, the construction of pipelines and facilities in the areas with proved reserves, and maturing our exploration prospects through seismic acquisition and drilling. We are financing our capital program through cash flows from operations and cash on hand, while retaining financial flexibility to undertake further development opportunities and pursue acquisitions. However, as a result of the nature of the oil and natural gas exploration, development and exploitation industry, we regularly

review our budgets with respect to both the success of expenditures and other opportunities that become available. Accordingly, while we currently intend that funds be expended as set forth in our 2013 work program, there may be circumstances where, for sound business reasons, actual expenditures may in fact differ.

## Segmented Results – Colombia

(Thousands of U.S. Dollars)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	% Change	2013	2012	% Change
Oil and natural gas sales	\$164,241	\$145,610	13	\$488,577	\$376,261	30
Interest income	111	171	(35)	415	598	(31)
	164,352	145,781	13	488,992	376,859	30
Operating expenses	23,463	27,005	(13)	75,764	61,200	24
DD&A expenses	46,821	35,255	33	141,141	90,625	56
G&A expenses	3,035	4,504	(33)	11,050	18,079	(39)
Foreign exchange loss (gain)	1,819	(898)	303	(18,716)	24,439	(177)
Other loss	—	—	—	4,400	—	—
	75,138	65,866	14	213,639	194,343	10
Income before income taxes	\$89,214	\$79,915	12	\$275,353	\$182,516	51
Production						
Oil and NGL's, bbl	1,696,981	1,428,251	19	5,108,862	3,606,090	42
Natural gas, Mcf	39,648	76,770	(48)	50,116	144,930	(65)
Total production, BOE (1)	1,703,589	1,441,046	18	5,117,215	3,630,245	41
Average Prices						
Oil and NGL's per bbl	\$96.72	\$101.81	(5)	\$95.60	\$104.23	(8)
Natural gas per Mcf	\$2.88	\$2.62	10	\$3.78	\$2.67	42
Segmented Results of Operations per BOE						
Oil and natural gas sales	\$96.41	\$101.04	(5)	\$95.48	\$103.65	(8)
Interest income	0.07	0.12	(42)	0.08	0.16	(50)
	96.48	101.16	(5)	95.56	103.81	(8)
Operating expenses	13.77	18.74	(27)	14.81	16.86	(12)
DD&A expenses	27.48	24.46	12	27.58	24.96	10
G&A expenses	1.78	3.13	(43)	2.16	4.98	(57)
Foreign exchange loss (gain)	1.07	(0.62)	273	(3.66)	6.73	(154)
Other loss	—	—	—	0.86	—	—
	44.10	45.71	(4)	41.75	53.53	(22)
Income before income taxes	\$52.38	\$55.45	(6)	\$53.81	\$50.28	7

- (1) Production represents production volumes NAR adjusted for inventory changes.

31

---

For the three and nine months ended September 30, 2013, income before income taxes was \$89.2 million and \$275.4 million, respectively, compared with \$79.9 million and \$182.5 million in the comparable periods in 2012. For the three months ended September 30, 2013, the increase was due to higher oil and natural gas sales as a result of higher production and decreased operating and G&A expenses, partially offset by increased DD&A expenses and foreign exchange losses. For the nine months ended September 30, 2013, the increase was due to higher oil and natural gas sales as a result of higher production, lower G&A expenses and higher foreign exchange gains, partially offset by increased DD&A and operating expenses.

Oil and NGL production for the three months ended September 30, 2013, increased to 1.7 MMbbl compared with 1.4 MMbbl in the comparable period in 2012 due to the reduced impact of pipeline disruptions, increased production from new wells in the Costayaco and Moqueta fields in the Chaza Block and long-term test production from a new well on the Llanos-22 Block, partially offset by the end of the Melero field long-term test production. Production during the three months ended September 30, 2013, reflected approximately 35 days of oil delivery restrictions in Colombia compared with 36 days of oil delivery restrictions in the comparable period in 2012.

Oil and NGL production for the nine months ended September 30, 2013, increased to 5.1 MMbbl compared with 3.6 MMbbl in the comparable period in 2012 due to the reduced impact of pipeline disruptions, a decrease in oil inventory as previously discussed and increased production from new wells in the Costayaco and Moqueta fields in the Chaza Block. The net inventory reduction accounted for 0.1 MMbbl or 333 BOPD of the production increase. Production during the nine months ended September 30, 2013, reflected approximately 150 days of oil delivery restrictions in Colombia compared with 121 days of oil delivery restrictions in the comparable period in 2012. In 2013, the impact of OTA pipeline disruptions on production was mitigated by selling a portion of our oil through trucking and an alternative pipeline.

Revenue and other income for the three and nine months ended September 30, 2013, increased by 13% to \$164.4 million and 30% to \$489.0 million, respectively, from the comparable periods in 2012.

For the three and nine months ended September 30, 2013, the average realized price per bbl for oil decreased by 5% to \$96.72 and by 8% to \$95.60, respectively, compared with \$101.81 and \$104.23, in the corresponding periods in 2012. Average Brent oil prices for the three and nine months ended September 30, 2013, were \$110.27 and \$108.45 per bbl, respectively, compared with \$109.61 and \$112.20 per bbl in the corresponding periods in 2012.

During the three and nine months ended September 30, 2013, 38% and 39% of our oil and gas volumes sold, respectively, were to a customer to which oil is delivered at the Costayaco battery and the sales price is based on average WTI prices plus a Vasconia differential and premium, adjusted for trucking costs related to a 1,500 km route. The effect on the Colombian realized price for the three and nine months ended September 30, 2013, was a reduction of approximately \$7.61 and \$8.47 per BOE as compared with delivering all of our Colombian oil through the OTA pipeline.

During the second quarter of 2012, the recognition of additional royalties resulting from an arbitrator's decision on a dispute with a third party relating to the calculation of the third party's net profits interest on 50% of production from the Chaza Block in Colombia resulted in a \$10.9 million revenue reduction. This amount related to July 2009 to May 2012 production. The recognition of this royalty resulted in a \$3.00 per BOE reduction in the average realized price in the nine months ended September 30, 2012.

Operating expenses decreased by 13% to \$23.5 million for the three months ended September 30, 2013, and increased by 24% to \$75.8 million for nine months ended September 30, 2013, from the comparable periods in 2012. On a per BOE basis, operating expenses decreased by 27% to \$13.77 and 12% to \$14.81 for the three and nine months ended September 30, 2013, respectively, from \$18.74 and \$16.86 in the comparable periods in 2012.

In the three months ended September 30, 2013, operating expenses per BOE decreased primarily due to lower transportation costs associated with OTA pipeline disruptions. Transportation costs were lower due to the absence of pipeline charges and trucking costs relating to volumes sold at the Costayaco battery. The trucking costs associated with the volumes sold at the Costayaco battery were a reduction to our realized price rather than recorded as transportation expenses. The estimated net effect of OTA pipeline disruptions on Colombian transportation costs for the three months ended September 30, 2013, was a saving of \$2.02 per BOE.

In the nine months ended September 30, 2013, lower transportation costs associated with OTA pipeline disruptions, were partially offset by increased G&A allocations to operating costs and increased other fixed costs. The estimated net effect of OTA pipeline disruptions on Colombian transportation costs for the nine months ended September 30, 2013, was a saving of \$1.36 per BOE.



DD&A expenses increased by 33% to \$46.8 million and 56% to \$141.1 million for the three and nine months ended September 30, 2013, respectively, from the comparable periods in 2012. The increase was due to increased production and an increase in the per BOE depletion rate. On a per BOE basis, DD&A expenses increased by 12% to \$27.48 and 10% to \$27.58 for the three and nine months ended September 30, 2013, respectively. The increase was primarily due to increased costs in the depletable base, partially offset by an increase in reserves.

G&A expenses decreased by 33% to \$3.0 million (\$1.78 per BOE) from \$4.5 million (\$3.13 per BOE) and by 39% to \$11.1 million (\$2.16 per BOE) from \$18.1 million (\$4.98 per BOE) for the three and nine months ended September 30, 2013, respectively, from the comparable periods in 2012. The decrease was due to increased G&A allocations to operating costs and capital projects, partially offset by increased salaries expense due to increased headcount from expanded operations. Additionally, bank fees were lower in the nine months ended September 30, 2013, compared with the comparable period in 2012 due to lower tax installment payments resulting from a corporate reorganization in Colombia in the fourth quarter of 2012.

For the three months ended September 30, 2013, the foreign exchange loss was \$1.8 million, which included a \$1.5 million unrealized non-cash foreign exchange loss. In the three months ended September 30, 2012, we had a foreign exchange gain of \$0.9 million, which included a \$2.2 million unrealized non-cash foreign exchange gain and a realized non-cash foreign exchange loss of \$1.3 million. The Colombian Peso strengthened by 1% and weakened by 1% against the U.S. dollar in the three months ended September 30, 2013 and 2012, respectively. Under GAAP, 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 is the main source of the unrealized foreign exchange losses or gains.

For the nine months ended September 30, 2013, the foreign exchange gain was \$18.7 million, which included a \$16.9 million unrealized non-cash foreign exchange gain. In the nine months ended September 30, 2012, we incurred a foreign exchange loss of \$24.4 million, of which \$14.0 million was an unrealized non-cash foreign exchange loss. The realized foreign exchange loss in 2012 primarily arose upon payment of 2011 taxes. The Colombian Peso weakened by 8% and strengthened by 7% against the U.S. dollar in the nine months ended September 30, 2013 and 2012, respectively.

Other loss of \$4.4 million in the nine months ended September 30, 2013, relates to a contingent loss accrued in connection with a legal dispute in which we received an adverse legal judgment within the quarter. We have filed an appeal against the judgment.

#### Capital Program - Colombia

Capital expenditures in our Colombian segment during the three months ended September 30, 2013, were \$39.6 million bringing total capital expenditures, for the nine months ended September 30, 2013, to \$120.3 million. During the second quarter of 2013, we also received proceeds of \$1.5 million from the sale of our 15% working interest in the Mecaya Block in Colombia.

The following table provides a breakdown of capital expenditures in 2013 and 2012:

(Millions of U.S. Dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Drilling and completions	\$22.9	\$23.1	\$62.6	\$63.5
G&G	8.6	3.3	25.2	9.5
Facilities and equipment	6.5	7.0	23.2	17.6
Other	1.6	2.5	9.3	7.9

\$39.6

\$35.9

\$120.3

\$98.5

The significant elements of our third quarter 2013 capital program in Colombia were:

• On the Chaza Block (100% working interest ("WI"), operated), we drilled and completed the Moqueta-11 development well in the Moqueta field as an oil producer and commenced drilling the Moqueta-12 development well.  
• Together with our partner, we continued drilling the Mayalito-1 exploration well on the Llanos-22 Block (45% WI, non-operated).

33

---

• We continued civil construction for one gross exploration well, Mirafior Oeste, on the Guayuyaco Block (70% WI, operated).

• We started 2-D seismic on the Cauca-7 Block (100% WI, operated) and continued 3-D seismic on the Putumayo-1 Block (55% WI, operated).

• We also continued facilities work at the Costayaco and Moqueta fields on the Chaza Block.

Outlook - Colombia

The 2013 capital program in Colombia is \$218 million with \$113 million allocated to drilling, \$43 million to facilities and pipelines and \$62 million for G&G expenditures.

Our planned work program for the remainder of 2013 in Colombia includes drilling the Mayalito-1 exploration well on the Llanos-22 Block and the Mirafior Oeste exploration well on the Guayuyaco Block. Additionally, we plan to start civil construction for an additional exploration well on the Guayuyaco Block. We also plan to complete the Moqueta-12 development well, drill two appraisal wells, Corunta-1 and Zapotero-1, adjacent to the Moqueta field, and convert an existing well on the Garibay Block to a water injector well.

We also plan to acquire 2-D seismic on the Cauca-6 (100% WI, operated), Cauca-7 and Piedemonte Sur (100% WI, operated) Blocks and 3-D seismic on the Putumayo-1 Block. Facilities work is also planned for the Chaza, Garibay and the Llanos-22 Blocks.

## Segmented Results – Argentina

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	% Change	2013	2012	% Change
(Thousands of U.S. Dollars)						
Oil and natural gas sales	\$18,149	\$22,332	(19 )	\$54,620	\$59,183	(8 )
Interest income	164	10	—	710	96	640
	18,313	22,342	(18 )	55,330	59,279	(7 )
Operating expenses	10,518	8,197	28	27,422	24,490	12
DD&A expenses	7,606	9,165	(17 )	22,986	23,080	—
G&A expenses	2,899	2,258	28	7,891	7,268	9
Foreign exchange loss	1,454	945	54	3,214	1,873	72
	22,477	20,565	9	61,513	56,711	8
(Loss) income before income taxes	\$(4,164 )	\$1,777	(334 )	\$(6,183 )	\$2,568	(341 )
Production						
Oil and NGL's, bbl	202,960	290,414	(30 )	673,919	773,252	(13 )
Natural gas, Mcf	278,186	325,013	(14 )	918,402	1,003,510	(8 )
Total production, BOE (1)	249,324	344,583	(28 )	826,986	940,504	(12 )
Average Prices						
Oil and NGL's per bbl	\$83.09	\$72.05	15	\$75.20	\$71.48	5
Natural gas per Mcf	\$4.62	\$4.34	6	\$4.29	\$3.90	10
Segmented Results of Operations per BOE						
Oil and natural gas sales	\$72.79	\$64.81	12	\$66.05	\$62.93	5
Interest income	0.66	0.03	—	0.86	0.10	760
	73.45	64.84	13	66.91	63.03	6
Operating expenses	42.19	23.79	77	33.16	26.04	27
DD&A expenses	30.51	26.60	15	27.79	24.54	13
G&A expenses	11.63	6.55	78	9.54	7.73	23
Foreign exchange loss	5.83	2.74	113	3.89	1.99	95
	90.16	59.68	51	74.38	60.30	23
(Loss) income before income taxes	\$(16.71 )	\$5.16	(424 )	\$(7.47 )	\$2.73	(374 )

(1) Production represents production volumes NAR adjusted for inventory changes.

For the three and nine months ended September 30, 2013, loss before income taxes in Argentina was \$4.2 million and \$6.2 million, respectively, compared with income before taxes of \$1.8 million and \$2.6 million in the comparable periods in 2012. In the three months ended September 30, 2013, decreased oil and natural gas sales and increased

operating and G&A expenses and foreign exchange losses were partially offset by decreased DD&A expenses. In the nine months ended September 30, 2013,

DD&A expenses were comparable to the prior year, but oil and natural gas sales decreased and operating and G&A expenses and foreign exchange losses increased.

Total oil and gas production from the Argentina segment decreased by 28% to 0.2 MMBOE for the three months ended September 30, 2013, and by 12% to 0.8 MMBOE for the nine months ended September 30, 2013, compared with the corresponding periods in 2012.

Oil and NGL production decreased by 30% to 0.2 MMbbl for the three months ended September 30, 2013 and decreased by 13% to 0.7 MMbbl for the nine months ended September 30, 2013, compared with the comparable periods in 2012. The decreases were primarily due to the following: reduced production from the Puesto Morales Block due to expected production declines, well downtime for workovers, and delays in the completion of the waterflood implementation due to ongoing analysis of a pilot project; reduced production from the Surubi Block due to stabilization of Proa-2 production, which came on-stream in April 2012, and well downtime for workovers; and reduced production from the El Chivil Block due to well downtime for workovers.

Revenue and other income decreased by 18% to \$18.3 million and by 7% to \$55.3 million for the three and nine months ended September 30, 2013, respectively. During the three months ended September 30, 2013, we recognized \$2.2 million, or \$10.80 per bbl, upon the sale of some of our Petroleum Plus program credits. These credits are granted by the Argentina government to companies for new production of oil or natural gas, either from new discoveries, enhanced recovery techniques or reactivation of older fields. We have an additional \$3.3 million of Petroleum Plus program credits which we expect to monetize. Future sales of these credits will be recognized when realized, as a contingent gain.

In 2013, production decreases were partially offset by increased oil and natural gas prices. For the three and nine months ended September 30, 2013, the average realized price per bbl for oil increased by 15% to \$83.09 and by 5% to \$75.20, respectively, compared with \$72.05 and \$71.48, in the corresponding periods in 2012. As noted above, the impact of the sale of some of our Petroleum Plus program credits in the three months ended September 30, 2013, was \$10.80 per bbl (nine months ended September 30, 2013 - \$3.25). The prices we receive in Argentina are influenced by the Argentina regulatory regime. Currently, most oil and gas producers in Argentina are operating without sales contracts for periods longer than several months. We are continuing deliveries to refineries and are negotiating a price for those deliveries on a regular and short-term basis.

Operating expenses increased by 28% to \$10.5 million and increased by 12% to \$27.4 million for the three and nine months ended September 30, 2013, respectively, from the comparable periods in 2012. On a per BOE basis, operating expenses increased by 77% to \$42.19 and by 27% to \$33.16 for the three and nine months ended September 30, 2013, respectively, from \$23.79 and \$26.04 in the comparable periods in 2012. The increase in operating costs on a per BOE basis was primarily due to workover expenses being \$9.15 and \$2.60 per BOE higher for the three and nine months ended September 30, 2013, respectively, increased security and road maintenance expenses on the Puesto Morales and Surubi Blocks and reduced production volumes, partially offset by reduced transportation costs. In the three and nine months ended September 30, 2013, workovers were performed on the Puesto Morales, Surubi and El Chivil Blocks, whereas in the three and nine months ended September 30, 2012, workovers were performed on the Puesto Morales and Palmar Largo Blocks.

DD&A expenses decreased by 17% to \$7.6 million for the three months ended September 30, 2013, compared with \$9.2 million in the comparable period in 2012. DD&A expenses for the nine months ended September 30, 2013, were comparable with the corresponding period in 2012. On a per BOE basis, DD&A expenses increased by 15% to \$30.51 and by 13% to \$27.79 for the three and nine months ended September 30, 2013, respectively, from the comparable periods in 2012. The increases were due to increased costs in the depletable base, partially offset by increased reserves.

G&A expenses were \$2.9 million (\$11.63 per BOE) in the three months ended September 30, 2013, compared with \$2.3 million (\$6.55 per BOE) in the comparable period in 2012. The increase was primarily due to lower G&A allocations due to reduced capital activity. For the nine months ended September 30, 2013, G&A expenses were \$7.9 million (\$9.54 per BOE) compared with \$7.3 million (\$7.73 per BOE) in the comparable period in 2012 due to higher compensation costs and lower G&A allocations.

For the three and nine months ended September 30, 2013, foreign exchange losses were \$1.5 million and \$3.2 million, respectively, compared with \$0.9 million and \$1.9 million in the comparable periods in 2012. The losses primarily related to realized foreign exchange losses on monetary assets in Argentina during the period. The Argentina Peso weakened by 8% and 4% against the U.S. dollar in the three months ended September 30, 2013 and 2012, respectively and by 18% and 9% against the U.S. dollar in the nine months ended September 30, 2013 and 2012, respectively. The net monetary asset balance exposed to foreign exchange losses was higher in 2013 as compared with 2012 as a result of lower capital expenditures.

## Capital Program - Argentina

Capital expenditures in the three months ended September 30, 2013, included drilling of \$6.4 million, G&G expenditures of \$0.7 million, facilities of \$0.5 million and other expenditures of \$0.5 million, resulting in capital expenditures of \$8.1 million and bringing total net capital expenditures, net of proceeds received for oil and gas properties, for the nine months ended September 30, 2013, to \$12.4 million.

In Argentina, during the third quarter of 2013, we commenced drilling a horizontal multi-stage fracture stimulated well into the Loma Montosa formation on the Puesto Morales Block to further evaluate this new play. Work on this well is currently suspended due to landowner blockades that prevent safe operations. We also completed workovers on wells on this block.

## Outlook – Argentina

The 2013 capital program in Argentina is \$25 million with \$16 million allocated to drilling, \$4 million to facilities and pipelines, and \$5 million to G&G expenditures.

Our planned work program for the remainder of 2013 in Argentina includes workovers on existing wells and facilities work on the El Chivil Block.

## Segmented Results – Peru

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2013	2012	% Change	2013	2012	% Change
(Thousands of U.S. Dollars)						
Interest income	\$—	\$—	—	\$27	\$15	80
Operating expenses	—	—	—	—	\$161	(100 )
DD&A expenses	73	68	7	272	1,174	(77 )
G&A expenses	1,234	1,034	19	3,621	3,116	16
Foreign exchange loss (gain)	97	(255 )	138	1,118	(289 )	487
	1,404	847	66	5,011	4,162	20
Loss before income taxes	\$(1,404 )	\$(847 )	66	\$(4,984 )	\$(4,147 )	20

For the three and nine months ended September 30, 2013, loss before income taxes in Peru was \$1.4 million and \$5.0 million, respectively, compared with \$0.8 million and \$4.1 million in the comparable periods in 2012. The increase was primarily due to increased foreign exchange losses.

## Capital Program – Peru

Capital expenditures in the three months ended September 30, 2013, were \$11.1 million bringing total capital expenditures for the nine months ended September 30, 2013, to \$59.9 million. Capital expenditures in three months ended September 30, 2013 included drilling and G&G expenditures of \$7.5 million, facilities expenditures of \$1.4 million and other expenditures of \$2.2 million.

The significant elements of our third quarter 2013 capital program in Peru were:

-



On Block 95 (100% WI, operated), we completed a preliminary Front End Engineering Design ("FEED") study for the Bretaña field development and initiated a 2-D seismic program to provide a more detailed map of the Bretaña structure, along with maturing separate independent exploration leads on Block 95.

On Block 107 (100% WI, operated), we continued work to obtain the necessary environmental and social permits for future seismic programs.

Outlook - Peru

The 2013 capital program in Peru is \$87 million with \$43 million allocated to drilling, \$4 million for facilities and \$40 million for G&G expenditures.

Our planned work program for the remainder of 2013 includes infill seismic on the Bretaña Norte field and other identified leads on Block 95, further FEED planning for the Bretaña Norte field development and continued work to obtain the necessary environmental and social permits for future drilling activities and seismic programs on this block.

Additionally, we plan to continue Environmental Impact Assessments on Block 107, Block 133, Block 123 and Block 129.

Segmented Results - Brazil

	Three Months Ended September 30,			Nine Months Ended September 30,	
	2013	2012	% Change	2013	2012
(Thousands of U.S. Dollars)					
Oil and natural gas sales	\$6,584	\$674	877	\$18,738	\$2,962
Interest income	281	40	603	292	607
	6,865	714	861	19,030	3,569
Operating expenses	1,607	1,093	47	5,319	2,264
DD&A expenses	4,129	305	—	15,143	22,379
G&A expenses	2,851	355	703	3,594	1,492
Foreign exchange (gain) loss	(1,385)	131	—	(1,363)	1,901

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
65,000.00	TELEFONICA EUROPE BV		\$ 66,074	\$
975,000.00	TIAA GLOBAL MKTS INC		947,017	
1,025,000.00	TIME WARNER CABLE INC		981,617	
145,000.00	TURNER BROADCASTING SYS INC		140,697	
1,050,000.00	UBS AG STAMFORD BRH		904,413	
700,000.00	UBS AG STAMFORD BRH MEDIUM		608,339	
700,000.00	UNITEDHEALTH GROUP INC		682,495	
463,900.25	UNITED STATES TREAS BDS		437,081	
450,000.00	UNITED STATES TREAS BDS		614,250	
373,532.25	UNITED STATES TREAS BDS		368,046	
100,000.00	USB CAP IX		47,000	
1,100,000.00	VERIZON COMMUNICATIONS INC		1,295,031	
30,000.00	VODAFONE GROUP PLC		28,020	
605,000.00	WACHOVIA BK COML MTG TR		440,652	
225,000.00	WACHOVIA BK COML MTG TR		72,087	
675,000.00	WACHOVIA BK COML MTG TR		541,133	
950,000.00	WACHOVIA CORP		941,826	
500,000.00	WACHOVIA CORP		495,425	
285,000.00	WACHOVIA CORP NEW		284,748	
514,397.21	WAMU		225,625	
1,217,537.20	WAMU		631,180	
289,408.63	WAMU MTG		127,595	
475,000.00	WELLPOINT INC		461,506	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
180,000.00	WELLS FARGO & CO		\$ 182,377	\$
490,000.00	WELLS FARGO & CO NEW		494,720	
1,500,000.00	WELLS FARGO MTG BKD 06 AR4 TR		883,073	
1,301,777.52	WELLS FARGO TR		1,074,783	
455,000.00	WISCONSIN ST GEN REV		467,240	
650,000.00	XTO ENERGY INC		625,187	
275,000.00	XTO ENERGY INC		255,244	
350,000.00	ACE INA HLDG INC		299,967	
425,000.00	ALTRIA GROUP INC		456,423	
2,500,000.00	AMERICAN EXP BK FDIC GTD TLGP		2,497,850	
200,000.00	AMERICAN GEN FIN CORP MTN		86,031	
750,000.00	ANZ CAP TR I		579,690	
225,000.00	ASPEN INS HLDGS LTD		158,929	
300,000.00	AT&T BROADBAND CORP		339,732	
750,000.00	AT&T WIRELESS SVCS INC		789,594	
325,000.00	B A T INTL FIN PLC		340,119	
2,000,000.00	BANC AMER COML MTG INC		1,591,025	
4,941.60	BEAR STEARNS ARM TR		2,799	
700,000.00	BEAR STEARNS COS INC		762,412	
400,000.00	BEAR STEARNS COS INC		413,786	
300,000.00	BOARDWALK PIPELINES LLC		240,696	
1,100,000.00	BRITISH TELECOMMUNICATIONS PLC		1,123,341	
300,000.00	CANADIAN NATL RES LTD		260,699	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
150,000.00	CANADIAN NATL RES		\$ 119,501	\$
150,000.00	CANADIAN NATL RES		134,392	
475,000.00	CARGILL INC		429,407	
400,000.00	CHASE MANHATTAN CORP NEW		412,626	
150,000.00	CITIGROUP INC		145,840	
975,000.00	CITIGROUP INC		960,475	
200,000.00	COMCAST CABLE COMMUNICATIONS		203,292	
450,000.00	COMMONWEALTH EDISON CO		410,494	
1,000,000.00	CREDIT SUISSE COML MTG TR		741,916	
552,443.39	CREDIT SUISSE FIRST BOSTON		43,608	
12,497.18	CREDIT SUISSE FIRST BOSTON MTG		1,086	
15,241.20	CREDIT SUISSE FIRST BOSTON MTG		1,277	
77,668.70	CREDIT SUISSE FIRST BOSTON MTG		45,533	
3,331.38	CREDIT SUISSE FIRST BOSTON MTG		332	
350,000.00	CVS CAREMARK CORP		324,759	
181,269.97	CWABS INC		85,238	
588,564.13	CWALT INC		264,017	
585,307.07	CWALT INC		254,293	
544,209.12	CWALT INC		244,894	
397,374.41	CWALT INC		181,274	
350,000.00	DAIMLERCHRYSLER NORTH AMER HLD		220,032	
400,000.00	DEUTSCHE TELEKOM INTL FIN BV		493,256	
300,000.00	ENBRIDGE ENERGY PARTNERS LP		241,680	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
225,000.00	ENDURANCE SPECIALTY HLDGS LTD		\$ 187,932	\$
1,100,000.00	FANNIE MAE		1,282,405	
1,089,592.34	FED HM LN PC POOL 1H2524		1,087,847	
646,330.60	FED HM LN PC POOL 780447		638,244	
968,859.97	FED HM LN PC POOL A82005		1,008,182	
34,370.59	FED HM LN PC POOL B10170		35,335	
39,941.21	FED HM LN PC POOL B10207		41,061	
356,436.81	FED HM LN PC POOL B10569		366,434	
47,702.44	FED HM LN PC POOL B10674		49,230	
18,208.42	FED HM LN PC POOL B10746		18,792	
9,887.66	FED HM LN PC POOL B10838		10,204	
39,109.07	FED HM LN PC POOL B10931		40,206	
10,099.04	FED HM LN PC POOL B11010		10,423	
11,739.00	FED HM LN PC POOL B11446		12,110	
42,469.68	FED HM LN PC POOL B11801		43,661	
351,593.81	FED HM LN PC POOL B12928		361,235	
208,385.90	FED HM LN PC POOL C90227		218,621	
472,178.71	FED HM LN PC POOL C90230		495,370	
154,416.30	FED HM LN PC POOL C90247		162,165	
39,575.85	FED HM LN PC POOL E01087		41,227	
8,532.24	FED HM LN PC POOL E01281		8,806	
45,777.70	FED HM LN PC POOL E01378		47,244	
12,124.71	FED HM LN PC POOL E01448		12,513	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
38,844.90	FED HM LN PC POOL E01481		\$ 39,934	\$
77,275.25	FED HM LN PC POOL E01489		79,443	
78,237.57	FED HM LN PC POOL E01490		80,744	
42,314.84	FED HM LN PC POOL E01602		43,475	
42,693.04	FED HM LN PC POOL E85959		44,474	
41,013.34	FED HM LN PC POOL E86369		42,724	
173,035.45	FED HM LN PC POOL E88017		178,308	
11,710.97	FED HM LN PC POOL E91957		12,086	
6,331.44	FED HM LN PC POOL E92098		6,534	
19,173.54	FED HM LN PC POOL E92224		19,788	
100,851.65	FED HM LN PC POOL E96057		103,680	
29,884.04	FED HM LN PC POOL E96247		30,741	
31,125.91	FED HM LN PC POOL E96248		31,999	
16,007.70	FED HM LN PC POOL E96460		16,520	
10,232.30	FED HM LN PC POOL E96988		10,560	
36,622.97	FED HM LN PC POOL E97034		37,650	
9,175.17	FED HM LN PC POOL E97701		9,469	
13,952.14	FED HM LN PC POOL E99739		14,399	
13,577.06	FED HM LN PC POOL E99763		13,958	
13,216.16	FED HM LN PC POOL E99764		13,587	
9,223.80	FED HM LN PC POOL E99765		9,483	
60,896.69	FED HM LN PC POOL E99768		62,605	
29,774.45	FED HM LN PC POOL E99769		30,610	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
19,676.58	FED HM LN PC POOL E99770		\$ 20,228	\$
339,410.35	FED HM LN PC POOL G01604		354,458	
713,120.29	FED HM LN PC POOL G01731		742,063	
34,923.54	FED HM LN PC POOL G01954		35,657	
314,760.11	FED HM LN PC POOL G02084		321,326	
290,903.24	FED HM LN PC POOL G02184		296,971	
154,460.87	FED HM LN PC POOL G03689		157,707	
6,429,978.89	FED HM LN PC POOL G03812		6,588,970	
25,198.34	FED HM LN PC POOL G10994		26,190	
16,668.85	FED HM LN PC POOL G11490		17,203	
43,016.85	FED HM LN PC POOL G11526		44,196	
751,650.34	FED HM LN PC POOL G11686		777,283	
46,730.61	FED HM LN PC POOL G11742		48,162	
1,160,068.55	FED HM LN PC POOL G12093		1,192,605	
1,037,984.15	FED HM LN PC POOL G12094		1,067,096	
354,907.28	FED HM LN PC POOL G12311		366,109	
1,000,099.73	FED HM LN PC POOL G13085		1,024,712	
31,704.42	FED HM LN PC POOL G18021		32,675	
4,735.60	FED HM LN PC POOL G30052		5,053	
298,076.95	FED HM LN PC POOL P60084		300,465	
1,600,000.00	FED HOME LN BANK		1,683,476	
600,000.00	FEDERAL HOME LN MTG CORP		692,816	
1,100,000.00	FEDERAL HOME LN MTG CORP		1,187,561	



Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
321,324.22	FEDERAL HOME LN MTG CORP		\$ 14,045	\$
278,817.76	FEDERAL HOME LN MTG PC GTD		262,760	
800,000.00	FEDERAL NATL MTG ASSN		863,454	
300,000.00	FEDERAL NATL MTG ASSN		162,582	
600,000.00	FEDERAL NATL MTG ASSN		681,908	
1,199,189.56	FEDERAL NATL MTG ASSN		1,187,175	
1,400,000.00	FEDERAL NATL MTG ASSN		1,584,730	
564,743.90	FEDERAL NATL MTG ASSN		3,457	
571,562.91	FEDERAL NATL MTG ASSN		3,590	
3,700,000.00	FEDERAL NATL MTG ASSN DISC NTS		3,697,132	
284,749.15	FEDERAL NATL MTG ASSN GTD REMI		1,428	
(1,000,000.00)	FHLMC TBA JAN 15 GOLD SINGLE		(1,023,125)	
1,200,000.00	FLEET BOSTON CORP		1,242,934	
1,000,000.00	FNMA TBA JAN 15 SINGLE FAM		1,038,594	
(5,000,000.00)	FNMA TBA JAN 15 SINGLE FAM		(5,114,063)	
(1,000,000.00)	FNMA TBA JAN 15 SINGLE FAM		(1,027,188)	
(4,000,000.00)	FNMA TBA JAN 30 SINGLE FAM		(4,087,500)	
6,000,000.00	FNMA TBA JAN 30 SINGLE FAM		6,235,313	
39,540.92	FNMA POOL 190341		40,795	
5,217.63	FNMA POOL 251980		5,386	
150,909.98	FNMA POOL 254107		158,283	
6,633.05	FNMA POOL 254306		6,847	
168,854.42	FNMA POOL 254360		176,894	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
4,826.06	FNMA POOL 254442		\$ 4,982	\$
7,701.85	FNMA POOL 254473		7,950	
294,553.46	FNMA POOL 254681		297,154	
14,021.91	FNMA POOL 254686		14,509	
135,052.89	FNMA POOL 254756		136,315	
291,493.19	FNMA POOL 254758		294,372	
140,167.73	FNMA POOL 254802		144,055	
152,722.03	FNMA POOL 254806		154,314	
61,046.48	FNMA POOL 254817		60,766	
83,099.83	FNMA POOL 254845		82,717	
116,423.12	FNMA POOL 254863		115,921	
72,098.89	FNMA POOL 254864		72,890	
75,554.67	FNMA POOL 254909		75,202	
382,226.40	FNMA POOL 254914		386,596	
133,457.54	FNMA POOL 254957		132,835	
17,003.81	FNMA POOL 255357		17,578	
35,247.74	FNMA POOL 255451		36,349	
103,876.56	FNMA POOL 256532		105,601	
172,473.75	FNMA POOL 256588		175,337	
51,609.25	FNMA POOL 256605		52,466	
392,917.98	FNMA POOL 256681		399,441	
113,818.82	FNMA POOL 256718		115,708	
564,432.26	FNMA POOL 256755		573,803	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
106,337.71	FNMA POOL 256977		\$ 108,921	\$
96,656.08	FNMA POOL 257161		99,265	
1,000,000.91	FNMA POOL 257234		1,028,907	
67,128.00	FNMA POOL 257552		67,896	
144,171.83	FNMA POOL 357842		148,750	
11,893.34	FNMA POOL 448477		12,277	
2,459.02	FNMA POOL 448484		2,538	
2,090.30	FNMA POOL 535170		2,158	
138,946.21	FNMA POOL 535874		147,750	
12,958.67	FNMA POOL 545348		13,376	
508,760.58	FNMA POOL 545454		529,409	
31,552.89	FNMA POOL 545777		32,570	
8,187.35	FNMA POOL 545962		8,451	
3,838.21	FNMA POOL 545968		3,962	
122,690.47	FNMA POOL 555092		126,582	
6,450.36	FNMA POOL 555350		6,658	
4,325.67	FNMA POOL 555352		4,465	
13,017.22	FNMA POOL 555384		13,469	
35,278.62	FNMA POOL 555699		36,504	
4,431.15	FNMA POOL 626827		4,586	
3,653.58	FNMA POOL 629035		3,771	
120,954.90	FNMA POOL 652610		124,791	
634,059.34	FNMA POOL 656333		654,171	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
269,528.38	FNMA POOL 673002		\$ 278,077	\$
360,784.00	FNMA POOL 673011		372,228	
176,286.24	FNMA POOL 673032		181,878	
196,674.42	FNMA POOL 674438		202,913	
7,579.78	FNMA POOL 674693		7,845	
42,509.52	FNMA POOL 678938		43,999	
44,752.82	FNMA POOL 678944		46,321	
49,714.45	FNMA POOL 681343		51,441	
83,994.82	FNMA POOL 686229		86,659	
147,579.11	FNMA POOL 689079		151,672	
111,581.46	FNMA POOL 689082		115,121	
118,608.23	FNMA POOL 695826		122,370	
76,805.43	FNMA POOL 695838		79,473	
14,277.38	FNMA POOL 695840		14,773	
360,674.35	FNMA POOL 695844		372,114	
144,243.58	FNMA POOL 695926		148,819	
11,417.79	FNMA POOL 698975		11,780	
203,349.78	FNMA POOL 702255		209,903	
13,441.34	FNMA POOL 703440		13,908	
84,049.09	FNMA POOL 703445		86,715	
360,036.08	FNMA POOL 703446		370,021	
97,947.71	FNMA POOL 703710		101,054	
91,619.22	FNMA POOL 708837		94,525	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
27,851.58	FNMA POOL 709074		\$ 28,735	\$
104,631.28	FNMA POOL 709192		107,950	
19,265.54	FNMA POOL 709970		19,800	
61,712.86	FNMA POOL 710154		63,670	
40,127.67	FNMA POOL 710701		41,241	
603,349.95	FNMA POOL 712203		622,487	
19,482.34	FNMA POOL 713337		20,023	
24,309.42	FNMA POOL 720311		24,984	
24,737.51	FNMA POOL 720668		25,424	
25,931.01	FNMA POOL 720710		26,650	
40,533.32	FNMA POOL 720711		41,657	
20,192.71	FNMA POOL 720713		20,753	
18,120.60	FNMA POOL 722347		18,623	
13,599.35	FNMA POOL 725519		14,072	
211,212.06	FNMA POOL 725707		217,812	
160,998.21	FNMA POOL 725791		166,105	
40,024.27	FNMA POOL 725793		41,402	
735,642.17	FNMA POOL 725950		758,631	
19,221.00	FNMA POOL 727384		19,754	
467,875.73	FNMA POOL 729214		468,748	
28,162.28	FNMA POOL 729604		29,056	
397,802.87	FNMA POOL 730338		410,421	
28,110.03	FNMA POOL 731638		28,890	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
1,387,720.13	FNMA POOL 734788		\$ 1,408,536	\$
128,288.88	FNMA POOL 735010		132,298	
4,346,794.37	FNMA POOL 735028		4,609,297	
335,217.42	FNMA POOL 735392		346,754	
776,281.66	FNMA POOL 735439		807,970	
687,029.06	FNMA POOL 735503		710,995	
2,062,150.89	FNMA POOL 735591		2,110,402	
163,907.94	FNMA POOL 745119		169,446	
50,547.89	FNMA POOL 745141		52,319	
2,063,349.52	FNMA POOL 745148		2,110,661	
974,570.32	FNMA POOL 745238		1,014,353	
683,716.64	FNMA POOL 745387		705,403	
18,838.82	FNMA POOL 745499		19,484	
45,438.53	FNMA POOL 745524		46,880	
32,645.63	FNMA POOL 745648		33,698	
978,637.13	FNMA POOL 745822		1,009,411	
514,070.29	FNMA POOL 745932		534,934	
16,414.96	FNMA POOL 747832		16,977	
19,098.73	FNMA POOL 750062		19,705	
23,724.90	FNMA POOL 752936		24,383	
618,940.56	FNMA POOL 754089		638,282	
391,310.29	FNMA POOL 761334		403,539	
56,345.63	FNMA POOL 761404		58,106	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
11,148.07	FNMA POOL 765944		\$ 11,530	\$
112,426.13	FNMA POOL 766068		115,939	
306,675.96	FNMA POOL 766219		316,260	
143,011.72	FNMA POOL 766633		147,481	
13,823.22	FNMA POOL 767496		14,262	
161,788.97	FNMA POOL 770047		166,845	
209,122.86	FNMA POOL 770079		215,658	
53,469.10	FNMA POOL 771201		55,301	
230,170.67	FNMA POOL 774434		237,363	
1,036,025.07	FNMA POOL 779574		1,037,350	
194,162.80	FNMA POOL 785260		200,230	
174,304.22	FNMA POOL 785630		179,751	
11,063.13	FNMA POOL 791173		11,437	
384,202.69	FNMA POOL 802783		390,940	
222,097.25	FNMA POOL 806642		228,514	
756,789.32	FNMA POOL 831800		787,504	
76,123.52	FNMA POOL 849993		78,767	
51,194.46	FNMA POOL 865854		52,804	
91,608.32	FNMA POOL 870962		94,489	
49,313.99	FNMA POOL 887046		50,865	
611,587.45	FNMA POOL 888296		636,409	
108,319.95	FNMA POOL 888434		112,200	
371,277.23	FNMA POOL 888436		382,532	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
30,329.15	FNMA POOL 888509		\$ 30,011	\$
423,688.63	FNMA POOL 888511		427,716	
188,894.97	FNMA POOL 888560		195,661	
697,624.49	FNMA POOL 888890		725,938	
1,560,744.62	FNMA POOL 888892		1,637,684	
770,595.76	FNMA POOL 889072		801,871	
112,587.79	FNMA POOL 889116		116,128	
617,137.85	FNMA POOL 889558		634,181	
1,821,366.47	FNMA POOL 889579		1,878,640	
210,536.04	FNMA POOL 889858		216,482	
58,175.69	FNMA POOL 891474		60,005	
211,314.06	FNMA POOL 893898		217,959	
746,222.45	FNMA POOL 902466		763,216	
59,539.54	FNMA POOL 902663		61,412	
288,039.30	FNMA POOL 915802		291,336	
468,054.92	FNMA POOL 923357		480,689	
62,024.46	FNMA POOL 923800		63,963	
151,011.28	FNMA POOL 925728		155,087	
65,298.90	FNMA POOL 928293		67,061	
839,846.67	FNMA POOL 928953		881,249	
843,795.83	FNMA POOL 929048		885,392	
71,028.41	FNMA POOL 929187		72,968	
70,418.90	FNMA POOL 929872		72,130	



Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
244,386.68	FNMA POOL 929936		\$ 251,136	\$
225,333.32	FNMA POOL 933418		231,416	
131,331.48	FNMA POOL 934073		132,835	
455,180.08	FNMA POOL 934640		470,276	
610,066.84	FNMA POOL 936501		629,251	
315,269.33	FNMA POOL 937094		323,779	
439,975.10	FNMA POOL 943996		445,011	
24,728.88	FNMA POOL 945621		25,012	
478,249.95	FNMA POOL 948680		491,308	
104,214.76	FNMA POOL 955988		108,444	
70,286.47	FNMA POOL 962477		72,228	
390,389.27	FNMA POOL 962573		401,674	
113,157.10	FNMA POOL 962707		116,282	
5,902,893.27	FNMA POOL 963146		6,046,315	
88,720.12	FNMA POOL 963271		91,309	
999,999.13	FNMA POOL 963362		1,024,296	
85,858.15	FNMA POOL 963653		88,283	
61,838.20	FNMA POOL 963831		63,643	
135,253.90	FNMA POOL 963833		139,074	
73,744.86	FNMA POOL 963959		75,897	
106,152.32	FNMA POOL 964451		109,250	
88,598.41	FNMA POOL 964461		91,031	
148,051.63	FNMA POOL 964867		152,869	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
110,507.32	FNMA POOL 964949		\$ 114,103	\$
228,945.34	FNMA POOL 969441		234,508	
976,783.91	FNMA POOL 969674		1,007,499	
256,465.38	FNMA POOL 970518		264,971	
664,617.21	FNMA POOL 970572		681,388	
142,669.60	FNMA POOL 972099		146,610	
95,264.19	FNMA POOL 973964		97,955	
100,232.33	FNMA POOL 975470		102,938	
104,608.15	FNMA POOL 976530		107,150	
51,378.90	FNMA POOL 979565		52,878	
329,439.97	FNMA POOL 981334		338,744	
520,485.48	FNMA POOL 981758		535,531	
174,067.58	FNMA POOL 981762		178,032	
88,096.30	FNMA POOL 981848		90,584	
42,532.25	FNMA POOL 981909		43,773	
1,967,237.04	FNMA POOL 982014		2,012,038	
59,939.09	FNMA POOL 982922		61,889	
997,875.85	FNMA POOL 983231		1,029,254	
233,898.17	FNMA POOL 983665		239,581	
93,507.92	FNMA POOL 984017		96,236	
1,999,998.28	FNMA POOL 984076		2,048,592	
135,642.41	FNMA POOL 985109		139,600	
213,524.84	FNMA POOL 985110		219,555	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
26,871.42	FNMA POOL 985146		\$ 27,656	\$
96,743.65	FNMA POOL 985183		99,476	
661,393.84	FNMA POOL 985445		677,877	
73,190.51	FNMA POOL 987097		75,572	
72,555.33	FNMA POOL 987922		74,962	
951,860.64	FNMA POOL 988565		982,833	
1,059,053.06	FNMA POOL 988566		1,093,514	
1,312,766.53	FNMA POOL 988567		1,355,483	
81,999.71	FNMA POOL 990043		84,252	
241,739.75	FNMA POOL 990208		249,606	
70,551.53	FNMA POOL 990645		72,489	
85,516.56	FNMA POOL 990646		87,865	
312,007.38	FNMA POOL 991528		322,355	
492,713.38	FNMA POOL 992232		509,054	
53,950.28	FNMA POOL 992543		55,525	
47,881.65	FNMA POOL 992546		49,279	
926,387.84	FNMA POOL 994452		957,111	
110,824.57	FNMA POOL 994763		114,500	
48,794.00	FNMA POOL AA0530		49,867	
(3,000,000.00)	FNMA TBA JAN 30 SINGLE FAM		(3,090,703)	
550,000.00	FRANCE TELECOM SA		582,998	
2,000,000.00	GE COML MTG CORP		1,615,236	
1,500,000.00	GMAC COML MTG SEC INC		1,402,260	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
13,627.01	GOVERNMENT NATL MTG		\$ 16,886	\$
67,245.96	GOVERNMENT NATL MTG ASSN		87,839	
53,586.71	GOVERNMENT NATL MTG ASSN		70,873	
45,692.63	GOVERNMENT NATL MTG ASSN		60,847	
(3,100,000.00)	GR010950 IRS USD P F 3.50000		(3,127,987)	
3,100,000.00	GR010950 IRS USD R V 03MLIBOR		3,100,000	
(1,500,000.00)	GR010976 IRS USD P V 03MLIBOR		(1,500,000)	
1,500,000.00	GR010976 IRS USD R F 3.50000		1,529,194	
(8,000,000.00)	GR011088 IRS USD P V 03MLIBOR		(8,000,000)	
8,000,000.00	GR011088 IRS USD R F 3.25000		8,205,299	
(1,300,000.00)	GR011137 IRS USD P V 03MLIBOR		(1,300,000)	
1,300,000.00	GR011137 IRS USD R F 3.50000		1,340,570	
(900,000.00)	GR011246 IRS USD P F 3.50000		(945,542)	
900,000.00	GR011246 IRS USD R V 03MLIBOR		900,000	
175,000.00	GULF SOUTH PIPELINE CO LP		142,551	
350,000.00	HARTFORD FINL SVCS GROUP INC		314,805	
1,250,000.00	HSBC CAP FDG DLR 2 L P		662,500	
14,388.47	IMC HOME EQUITY LN TR		14,104	
651,651.64	IMPAC SECD ASSETS CORP		244,263	
5,764.07	INDYMAC MBS INC		3,182	
450,000.00	INTERNATIONAL BUSINESS MACHS J		525,308	
175,000.00	INTL LEASE FIN CORP MTN		130,909	
2,450,000.00	JOHN DEERE CAPITAL CORP FDIC GT		2,527,668	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
594,359.83	JP MORGAN MTG TR		\$ 421,406	\$
475,000.00	JP MORGAN CHASE & CO FORMERLY		494,590	
1,300,000.00	JP MORGAN CHASE & CO FDIC GTD TLG		1,325,796	
175,000.00	KELLOGG CO		175,887	
293,066.89	KERN RIV FDG CORP		274,911	
871,086.36	LEHMAN XS TR		350,859	
1,134,545.95	LEHMAN XS TR		515,696	
114,904.39	MASTR ADJ RATE MTGS TR		113,008	
225,000.00	MERRILL LYNCH & CO INC		227,215	
300,000.00	MERRILL LYNCH & CO INC		288,401	
450,000.00	MIDAMERICAN ENERGY HLDGS CO N		377,485	
234,887.54	MORGAN STANLEY ABS CAP I INC T		174,294	
1,900,000.00	MORGAN STANLEY FDIC GTD TLGP		1,911,458	
550,000.00	MORGAN STANLEY GROUP INC		480,926	
875,000.00	MORGAN STANLEY GROUP INC		778,440	
175,000.00	MUFG CAPITAL FINANCE 1 LIMITED		121,926	
450,000.00	NORDBANKEN AB		347,882	
200,000.00	ONEOK PARTNERS LP		149,564	
500,000.00	ORACLE CORP/OZARK HLDG INC		500,828	
225,000.00	PETRO CDA		180,707	
600,000.00	PHILIP MORRIS INTL INC		564,622	
250,000.00	PHOENIX LIFE INS CO		218,513	
250,000.00	PNC BK N A		264,525	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
1,850,000.00	PNC FUNDING CORP FDIC GTD TLGP		\$ 1,695,063	\$
75,000.00	POPULAR NORTH AMER INC		75,128	
450,000.00	PRINCIPAL FINL GROUP AUSTRALIA		456,523	
775,000.00	QBE INS GROUP LTD		471,960	
400,000.00	REINSURANCE GROUP AMER INC		333,008	
250,000.00	REINSURANCE GROUP AMER INC		177,546	
325,000.00	RESONA PFD GLOBAL SECS CAYMAN		154,729	
328,078.10	REVOLVING HOME EQUITY LN TR		102,725	
100,000.00	SANTANDER ISSUANCES SA		89,965	
400,000.00	SLM CORP		304,000	
5,000,000.00	SLM STUDENT LN TR		3,600,000	
189,109.66	SMALL BUSINESS ADMIN		195,906	
5,676,839.76	STATE STREET BANK & TRUST CO		5,676,840	
676,864.51	STRUCTURED ASSET MTG INVTS II		296,567	
545,851.53	STRUCTURED ASSET MTG INVTS II		211,199	
329,324.86	STRUCTURED ASSET SEC CORP		245,108	
878,063.02	STRUCTURED ASSET SECS CORP		388,053	
350,000.00	SUMITOMO MITSUI BKG CORP		259,200	
125,000.00	TELECOM ITALIA CAP		117,357	
500,000.00	TELECOM ITALIA CAP		377,016	
175,000.00	TELECOM ITALIA CAP		159,221	
175,000.00	TELEFONICA EUROPE BV		177,892	
375,000.00	THOMSON REUTERS CORP		352,921	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
525,000.00	TIME WARNER CABLE INC		\$ 564,862	\$
250,000.00	TRANSOCEAN INC		226,376	
751,996.00	UNITED STATES TREAS BDS		754,103	
1,418,989.00	UNITED STATES TREAS BDS		1,336,954	
310,236.00	UNITED STATES TREAS BDS		286,193	
535,784.00	UNITED STATES TREAS BDS		635,741	
229.23	UNITED STATES TREAS NTS		216	
1,192,334.00	UNITED STATES TREAS NTS		1,186,000	
654,918.00	UNITED STATES TREAS NTS		629,540	
525,000.00	VERIZON WIRELESS CAP		587,517	
2,000,000.00	WACHOVIA BK COML MTG TR		1,635,150	
700,000.00	WACHOVIA CORP		693,595	
82.18	WAMU MTG		31	
1,102,631.40	WAMU MTG PASS THROUGH CTFS		9,859	
1,000,000.00	WAMU MTG PASS THROUGH CTFS		545,046	
75,000.00	WEA FIN LLC		56,707	
150,000.00	WESTFIELD CAP CORP LTD		122,614	
525,000.00	XTO ENERGY INC		504,822	
575,000.00	1345 AVE OF THE AMERICAS TR		565,399	
915,000.00	280 PARK AVENUE TRUST		878,314	
100,000.00	AFRICAN DEV BK		124,081	
130,000.00	ALLIED CAP CORP		89,985	
165,000.00	ALLIED WORLD ASSURN CO HLDGS		137,682	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
205,000.00	AMERICAN CAP STRATEGIES LTD		\$ 188,297	\$
70,000.00	AMERICAN EXPRESS BK		68,759	
250,000.00	AMERICAN EXPRESS CEN BK NEW		239,807	
135,000.00	AMERICAN GEN FIN CORP		57,087	
125,000.00	AMERICAN HOME PRODS CORP		129,346	
110,000.00	ASSURANT INC		84,533	
285,000.00	AT&T INC		302,910	
235,000.00	AT&T WIRELESS SVCS INC		247,406	
125,000.00	BAE SYS HLDGS INC		116,275	
265,000.00	BALTIMORE GAS & ELEC CO		225,212	
455,000.00	BANK AMER CORP		457,538	
1,565,000.00	BANK OF AMERICA CORP FDIC GTD		1,630,070	
150,000.00	BANK ONE CORP		146,796	
80,000.00	BANKAMERICA CORP		80,743	
925,000.00	BEAR STEARNS COML MTG SECS		809,068	
345,000.00	BEAR STEARNS COML MTG SECS INC		299,196	
680,000.00	BEAR STEARNS COML MTG SECS INC		521,977	
215,000.00	BEAR STEARNS COS INC		222,410	
85,000.00	BEST BUY INC		91,502	
70,000.00	BK OF SCOTLAND PLC		70,127	
215,000.00	BLACKROCK INC		201,294	
380,000.00	BP CAPITAL MARKETS PLC		394,102	
80,000.00	BRISTOL MYERS SQUIBB CO		82,298	



Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
95,000.00	CATERPILLAR INC		\$ 107,215	\$
380,000.00	CITIGROUP INC		369,462	
125,000.00	CITIGROUP INC		122,573	
155,000.00	CLOROX CO		152,711	
90,000.00	COCA COLA ENTERPRISES INC		94,346	
210,000.00	COMCAST CORP NEW		201,488	
140,000.00	CONOCO FDG CO		146,524	
70,000.00	CONSOLIDATED NAT GAS CO		61,056	
250,000.00	COUNTRYWIDE FINL CORP		239,699	
675,000.00	CREDIT SUISSE COML MTG TR		318,994	
505,000.00	CREDIT SUISSE FIRST BOSTON MTG		440,601	
235,000.00	CREDIT SUISSE FIRST BOSTON USA		240,442	
210,000.00	CRH AMER INC		148,724	
265,000.00	CVS CAREMARK CORP		245,889	
225,000.00	DEUTSCHE TELEKOM INTL FIN BV		230,690	
145,000.00	DEVON FIN CORP U L C		148,766	
80,000.00	DIAGEO CAP PLC		79,399	
130,000.00	DIAGEO CAP PLC		140,243	
1,191,737.91	DLJ COML MTG CORP		1,189,587	
75,000.00	DUKE ENERGY FIELD SVCS LLC		73,005	
395,000.00	EATON CORP		369,566	
355,000.00	EI DU PONT DE NEMOURS & CO		365,207	
45,000.00	EI DU PONT DE NEMOURS & CO		45,400	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody's/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
175,000.00	EMERSON ELEC CO		\$ 175,663	\$
295,000.00	ENERGY ARKANSAS INC		270,285	
235,000.00	ENERGY EAST CORP		235,535	
255,000.00	EXPORT IMPORT BK KOREA		236,495	
429,080.21	FED HM LN PC POOL 1G0294		437,286	
791,229.81	FED HM LN PC POOL 1J0244		807,209	
468,845.50	FED HM LN PC POOL 1J1262		475,730	
150,924.49	FED HM LN PC POOL 1J1548		153,935	
350,737.39	FED HM LN PC POOL 847498		352,203	
751,325.25	FED HM LN PC POOL 972234		769,368	
106,094.95	FED HM LN PC POOL A36230		108,325	
551,206.21	FED HM LN PC POOL A46092		562,790	
688,918.62	FED HM LN PC POOL A61373		703,612	
333,937.76	FED HM LN PC POOL A64391		344,439	
398,519.67	FED HM LN PC POOL A64578		408,374	
573,015.37	FED HM LN PC POOL A67850		591,034	
1,401,472.90	FED HM LN PC POOL A68726		1,458,353	
692,002.19	FED HM LN PC POOL A79570		709,113	
491,325.34	FED HM LN PC POOL C01585		502,265	
1,103,004.95	FEDERAL HOME LN PC POOL C03027		1,137,689	
299,373.71	FEDERAL HOME LN PC POOL C71284		312,740	
1,242,372.53	FEDERAL HOME LN PC POOL G01770		1,274,063	
943,526.56	FEDERAL HOME LN PC POOL G01813		963,650	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
1,634,906.23	FEDERAL HOME LN PC POOL G01819		\$ 1,669,776	\$
621,030.56	FEDERAL HOME LN PC POOL G01894		634,276	
855,364.43	FEDERAL HOME LN PC POOL G02186		873,207	
1,150,913.44	FEDERAL HOME LN PC POOL G02308		1,179,372	
732,292.16	FEDERAL HOME LN PC POOL G02740		750,743	
904,648.80	FEDERAL HOME LN PC POOL G03512		933,096	
507,785.73	FEDERAL HOME LN PC POOL G08062		518,457	
744,183.25	FEDERAL HOME LN PC POOL G11690		754,067	
200,617.14	FEDERAL HOME LN PC POOL G12033		206,118	
224,929.57	FEDERAL HOME LN PC POOL G12034		228,022	
1,205,089.93	FEDERAL HOME LN PC POOL G12080		1,238,889	
995,984.01	FEDERAL HOME LN PC POOL G18009		1,027,420	
470,022.59	FEDERAL HOME LN PC POOL G18203		483,756	
474,281.80	FEDERAL HOME LN PC POOL J10114		488,140	
3,600,000.00	FEDERAL HOME LN BKS		3,724,851	
725,000.00	FEDERAL HOME LN MTG		746,340	
570,000.00	FEDERAL HOME LN MTG CORP		581,607	
375,409.94	FEDERAL HOME LN MTG CORP		380,737	
425,000.00	FEDERAL HOME LN MTG CORP		494,820	
505,000.00	FEDERAL HOME LN MTG CORP		515,496	
435,932.68	FEDERAL HOME LN MTG CORP		442,030	
330,496.72	FEDERAL HOME LN MTG CORP		335,568	
292,488.39	FEDERAL HOME LN MTG CORP		305,013	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody's/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
473,331.22	FEDERAL HOME LN MTG CORP		\$ 481,806	\$
165,000.00	FEDERAL HOME LOAN BANK		187,897	
2,370,000.00	FEDERAL HOME LOAN BANK		2,481,953	
383,972.23	FEDERAL NATL MTG ASSN		390,197	
3,795,000.00	FEDERAL NATL MTG ASSN		3,902,794	
710,000.00	FEDERAL NATL MTG ASSN		728,754	
1,125,000.00	FEDERAL NATL MTG ASSN		1,205,251	
495,000.00	FEDERAL NATL MTG ASSN		562,574	
630,750.61	FEDERAL NATL MTG ASSN GTD		639,331	
191,809.91	FEDERAL NATL MTG ASSN GTD REMI		194,026	
770,445.05	FNMA POOL 254918		782,935	
261,067.93	FNMA POOL 255900		269,359	
951,227.16	FNMA POOL 256926		989,834	
388,652.69	FNMA POOL 357797		399,386	
531,816.93	FNMA POOL 545759		555,562	
678,631.30	FNMA POOL 545817		708,719	
347,982.39	FNMA POOL 555880		358,082	
1,098,530.00	FNMA POOL 555967		1,130,413	
68,516.29	FNMA POOL 609077		71,353	
94,474.34	FNMA POOL 625094		99,414	
433,557.80	FNMA POOL 670385		452,780	
841,328.25	FNMA POOL 725424		865,352	
298,861.15	FNMA POOL 735224		307,395	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
3,243,453.40	FNMA POOL 735403		\$ 3,319,345	\$
1,191,963.52	FNMA POOL 735871		1,225,255	
1,776,132.09	FNMA POOL 740228		1,826,849	
137,430.00	FNMA POOL 745852		143,566	
131,782.03	FNMA POOL 758938		135,545	
1,485,150.14	FNMA POOL 759230		1,527,558	
228,634.70	FNMA POOL 763984		235,163	
42,167.40	FNMA POOL 765438		43,913	
634,448.63	FNMA POOL 829028		650,855	
1,249,121.17	FNMA POOL 835760		1,268,395	
71,694.98	FNMA POOL 836018		73,664	
262,114.78	FNMA POOL 836284		269,313	
764,193.12	FNMA POOL 881959		778,601	
466,895.37	FNMA POOL 888100		479,936	
514,135.63	FNMA POOL 888211		541,329	
453,621.61	FNMA POOL 888282		477,614	
961,430.38	FNMA POOL 889579		991,663	
479,857.34	FNMA POOL 897144		494,947	
1,433,917.13	FNMA POOL 899622		1,472,622	
603,528.92	FNMA POOL 901506		615,958	
470,328.06	FNMA POOL 905121		485,118	
1,055,816.49	FNMA POOL 908736		1,089,017	
1,152,353.89	FNMA POOL 933915		1,180,353	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
845,946.01	FNMA POOL 937666		\$ 872,547	\$
1,063,063.39	FNMA POOL 947201		1,106,209	
1,620,140.17	FNMA POOL 964083		1,671,086	
400,697.38	FNMA POOL 974965		409,823	
1,625,783.06	FNMA POOL 982832		1,662,808	
200,000.00	FPL GROUP CAP INC		227,432	
20,000.00	GENERAL ELEC CAP CORP MTN		20,116	
760,000.00	GENERAL ELEC CAP CORP MTN		763,325	
390,000.00	GENERAL MILLS INC		392,864	
345,000.00	GLAXOSMITHKLINE CAP INC		349,822	
119,798.25	GNMA II POOL 003599		125,222	
1,719,363.65	GNMA II POOL 003624		1,775,915	
550,128.10	GNMA II POOL 003724		568,222	
574,132.56	GNMA II POOL 003774		592,657	
661,379.19	GNMA II POOL 004222		683,752	
33,393.07	GNMA POOL 595148		35,007	
600,379.31	GNMA POOL 657162		621,252	
722,706.60	GNMA POOL 658058		747,832	
131,191.54	GNMA POOL 671023		135,752	
687,982.43	GNMA POOL 689858		711,901	
613,706.03	GNMA POOL 699277		635,042	
758,283.95	GNMA POOL 781862		785,594	
285,000.00	GOLDMAN SACHS GROUP INC		257,110	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
135,000.00	GOLDMAN SACHS GROUP INC		\$ 130,139	\$
220,000.00	GOLDMAN SACHS GROUP INC		206,239	
279,379.57	GREAT RIV ENERGY		233,422	
335,000.00	GS MTG SECS CORP II		348,169	
270,000.00	HARLEY DAVIDSON FDG CORP		160,795	
135,000.00	HERSHEY FOODS CORP		140,667	
185,000.00	HEWLETT PACKARD CO		191,261	
80,000.00	HONEYWELL INTL INC		81,080	
90,000.00	HOSPITALITY PPTYS TR		48,231	
170,000.00	HOSPITALITY PPTYS TR		90,931	
255,000.00	HRPT PPTYS TR		127,763	
106,579.24	JP MORGAN CHASE COML MTG SEC		102,239	
455,000.00	JP MORGAN CHASE COML MTG SECS		292,089	
215,000.00	JOHN DEERE CAPITAL CORP FDIC GT		221,816	
405,000.00	JP MORGAN CHASE		425,115	
315,000.00	JP MORGAN CHASE&CO FDIC GTD TLG		316,609	
105,000.00	KIMBERLY CLARK CORP		121,630	
170,000.00	KRAFT FOODS INC		172,684	
85,000.00	KRAFT FOODS INC		89,186	
180,000.00	LANDESKREDITBANK BADEN		189,425	
140,000.00	LEXMARK INTL INC		112,921	
360,000.00	MARSHALL & ILSLEY BK		315,285	
190,000.00	MARTIN MARIETTA MATLS INC		151,403	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
250,000.00	MERRILL LYNCH & CO INC		\$ 242,198	\$
150,000.00	MERRILL LYNCH & CO INC		144,200	
530,000.00	MORGAN STANLEY CAP I INC		462,038	
84,299.70	MORGAN STANLEY CAP I INC		83,329	
520,000.00	MORGAN STANLEY CAP I TR		264,537	
970,000.00	MORGAN STANLEY CAP I TR		734,635	
640,000.00	MORGAN STANLEY GROUP INC		569,373	
160,000.00	NORANDA INC		136,125	
840,000.00	ONTARIO PROV CDA		868,602	
190,000.00	ORACLE CORP		196,897	
145,000.00	PACTIV CORP		135,496	
335,000.00	PEARSON DLR FIN TWO PLC		305,969	
60,000.00	PEPSICO INC		58,898	
410,000.00	PETRO CDA		329,287	
120,000.00	PHILIP MORRIS INTL INC		107,757	
440,000.00	PNC FUNDING CORP FDIC GTD TLGP		403,150	
55,000.00	PRUDENTIAL FIN INC		37,748	
290,000.00	PRUDENTIAL FIN INC		237,448	
490,000.00	REGIONS BANK FDIC GTD TLGP		510,559	
255,000.00	SABMILLER PLC		222,016	
60,000.00	SAFEWAY INC		58,819	
30,000.00	SLM CORP		19,800	
470,000.00	SOVEREIGN BANK FDIC GTD TLGP		482,804	



Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
6,068,936.80	STATE STREET BANK & TRUST CO		\$ 6,068,937	\$
225,000.00	SUNCOR ENERGY INC		189,125	
90,000.00	TELECOM ITALIA CAP		67,863	
485,000.00	TIME WARNER CABLE INC		438,973	
125,000.00	UBS AG STAMFORD BRH MED TRM		108,284	
165,000.00	UNION ELEC CO		149,816	
185,000.00	UNITED STATES TREAS BDS		275,469	
490,000.00	UNITED STATES TREAS BDS		724,434	
1,015,000.00	UNITED STATES TREAS BILLS		1,014,998	
3,150,000.00	UNITED STATES TREAS NTS		3,457,125	
355,000.00	UNITED STATES TREAS NTS		424,544	
35,000.00	UNITED STATES TREAS NTS		35,636	
3,110,000.00	UNITED STATES TREAS NTS		3,407,151	
2,060,000.00	UNITED STATES TREAS NTS		2,264,552	
3,660,000.00	UNITED STATES TREAS NTS		4,329,809	
1,700,000.00	UNITED STATES TREAS NTS		1,881,621	
640,000.00	UNITED STATES TREAS NTS		775,150	
1,085,000.00	UNITED STATES TREAS NTS		1,273,476	
2,435,000.00	UNITED STATES TREAS NTS		2,490,453	
1,465,000.00	UNITED STATES TREAS NTS		1,658,540	
335,000.00	UNITED STATES TREASURY NTS		334,254	
3,970,000.00	UNITED STATES TREASURY NTS		4,745,235	
295,000.00	UNITED STATES TREASURY NTS		342,707	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
50,000.00	UNITED TECHNOLOGIES CORP		\$ 52,910	\$
120,000.00	VERIZON COMMUNICATIONS INC		141,276	
370,000.00	VERIZON COMMUNICATIONS INC		360,358	
340,000.00	VERIZON WIRELESS CAP		380,487	
645,000.00	WACHOVIA BK COML MTG TR		475,811	
595,000.00	WACHOVIA BK COML MTG TR MTG		479,079	
220,000.00	WACHOVIA CORP		217,987	
165,000.00	WELLPOINT INC		160,313	
100,000.00	WELLS FARGO & CO NEW		101,245	
140,000.00	WISCONSIN ST GEN REV		137,091	
227,717.28	ABN AMRO MTG CORP		184,921	
500,000.00	AMERICAN EXPRESS CR CORP		427,978	
48,011.62	ARGENT SECS INC		46,234	
500,000.00	ATT INC		490,315	
311,639.39	BANC AMER COML MTG INC		306,869	
336,163.63	BANC AMER COML MTG INC		335,219	
328,801.66	BANC AMER FDG CORP		317,185	
126,468.35	BANC AMER MTG SECS INC		126,147	
265,220.65	BANC AMER MTG SECS INC		217,097	
700,000.00	CATERPILLAR FINL SVCS		625,765	
204,262.89	CENTEX HOME EQUITY LN TR		184,475	
134,550.59	CENTEX HOME EQUITY LN TR		124,564	
51,574.50	CHASE FDG MTG LN		50,148	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
397,878.42	CHASE MTG FIN TR		\$ 376,471	\$
241,510.24	CITICORP MTG SECS INC		231,250	
90,315.07	CITICORP MTG SECS INC		79,087	
69,217.89	CITIFINANCIAL MTG SECS INC		61,626	
500,000.00	CITIGROUP INC		456,454	
500,000.00	COCA COLA ENTERPRISES INC		462,418	
313,742.60	COMMERCIAL MTG ASSET TR		312,600	
369,428.33	CREDIT SUISSE FIRST BOSTON MTG		283,950	
30,570.66	CREDIT SUISSE FIRST BOSTON MTG		30,486	
1,150,000.00	CREDIT SUISSE FIRST BOSTON MTG		1,013,508	
292,252.36	CREDIT SUISSE FIRST BOSTON MTG		287,187	
164,662.36	CREDIT SUISSE FIRST BOSTON MTG		163,532	
137,009.86	CWABS INC		135,642	
283,937.00	CWABS INC		100,092	
379,628.60	CWABS INC		306,372	
14,999.04	CWABS INC		9,006	
170,339.60	CWALT INC		147,305	
145,112.70	CWALT INC		126,366	
129,716.98	CWALT INC		106,351	
77,352.28	CWALT INC		61,569	
203,603.69	CWMBS INC		203,394	
75,412.49	CWMBS INC		75,241	
800,000.00	JOHN DEERE CAP CORP MTN BK ENT		751,600	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
350,000.00	JOHN DEERE CAP CORP MTN BK ENT		\$ 334,008	\$
750,000.00	WALT DISNEY CO NEW		743,906	
1,730.41	DLJ COML MTG CORP		1,728	
500,000.00	EI DU PONT DE NEMOURS & CO		513,171	
550,000.00	EDUCATION LNS INC		551,546	
108,582.28	FEDERAL HOME LN MTG CORP		108,932	
414,485.04	FEDERAL HOME LN PC POOL 1B7508		420,550	
251,314.52	FEDERAL HOME LN PC POOL 420045		249,946	
19,201.10	FEDERAL HOME LN PC POOL 780369		18,997	
43,899.69	FEDERAL HOME LN PC POOL 780967		43,735	
387,342.16	FEDERAL HOME LN PC POOL 781085		385,231	
120,640.55	FEDERAL HOME LN PC POOL 781140		119,970	
179,611.21	FEDERAL HOME LN PC POOL 781716		178,146	
543,470.22	FEDERAL HOME LN PC POOL 847174		536,255	
258,924.33	FEDERAL HOME LN PC POOL 847375		258,617	
384,889.01	FEDERAL HOME LN PC POOL 847751		380,576	
258,011.61	FEDERAL HOME LN PC POOL 847752		255,692	
271,526.81	FEDERAL HOME LN PC POOL E93978		276,208	
64,685.05	FEDERAL HOME LN PC POOL M80739		64,953	
202,299.74	FED NTL MTG ASSN GTD REMIC PAS		205,279	
247,761.23	FEDERAL HOME LN CORP		249,769	
330,360.14	FEDERAL HOME LN MTG CORP		335,891	
319,802.51	FEDERAL HOME LN MTG CORP		321,119	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
491,036.30	FEDERAL HOME LN MTG CORP		\$ 496,406	\$
527,156.55	FEDERAL HOME LN MTG CORP		531,479	
248,250.83	FEDERAL HOME LN MTG CORP		248,527	
677,418.88	FEDERAL HOME LN MTG CORP		686,977	
607,442.32	FEDERAL HOME LN MTG CORP		611,566	
744,061.00	FEDERAL HOME LN MTG CORP		757,301	
193,301.68	FEDERAL HOME LN MTG CORP		194,047	
195,916.90	FEDERAL HOME LN MTG CORP		198,714	
863,460.07	FEDERAL HOME LN MTG CORP		868,074	
200,347.64	FEDERAL HOME LN MTG CORP		202,760	
448,225.32	FEDERAL HOME LN MTG CORP		451,525	
761,358.44	FEDERAL HOME LN MTG CORP		769,638	
67,467.82	FEDERAL HOME LN MTG CORP		67,914	
112,957.20	FEDERAL HOME LN MTG CORP		113,001	
264,676.75	FEDERAL HOME LN MTG CORP		267,777	
135,824.24	FEDERAL HOME LN MTG CORP		135,647	
340,916.23	FEDERAL HOME LN MTG CORP		345,926	
303,193.38	FEDERAL HOME LN MTG CORP		306,574	
98,329.78	FEDERAL HOME LN MTG CORP		98,667	
266,642.08	FEDERAL HOME LN MTG CORP		267,937	
288,741.43	FEDERAL HOME LN MTG CORP		293,843	
725,399.87	FEDERAL HOME LN MTG CORP		728,222	
511,938.62	FEDERAL HOME LN MTG CORP		516,766	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
644,970.17	FEDERAL HOME LN MTG CORP		\$ 656,132	\$
313,436.84	FEDERAL HOME LN MTG CORP		318,476	
543,688.40	FEDERAL HOME LN MTG CORP		553,947	
1,229,859.76	FEDERAL HOME LN MTG CORP		1,250,694	
205,757.15	FEDERAL HOME LN MTG CORP		207,950	
222,474.65	FEDERAL HOME LN MTG CORP		225,335	
725,585.16	FEDERAL HOME LN MTG CORP		740,851	
106,468.62	FEDERAL HOME LN MTG CORP		106,302	
185,944.09	FEDERAL HOME LN MTG CORP		186,279	
349,560.65	FEDERAL HOME LN MTG CORP		352,860	
84,961.91	FEDERAL HOME LN MTG CORP		84,822	
186,243.98	FEDERAL HOME LN MTG CORP		186,444	
405,825.94	FEDERAL HOME LN MTG CORP		411,007	
231,119.66	FEDERAL HOME LN MTG CORP		233,456	
99,895.26	FEDERAL HOME LN MTG CORP		100,444	
282,302.08	FEDERAL HOME LN MTG CORP		283,839	
664,872.98	FEDERAL HOME LN MTG CORP		675,078	
375,594.56	FEDERAL HOME LN MTG CORP		377,427	
621,518.26	FEDERAL HOME LN MTG CORP		627,607	
250,152.35	FEDERAL HOME LN MTG CORP		252,943	
10,834.52	FEDERAL HOME LN MTG CORP		10,817	
45,484.06	FEDERAL HOME LN MTG CORP		45,528	
88,387.42	FEDERAL HOME LN MTG CORP		88,419	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
146,096.96	FEDERAL HOME LN MTG CORP		\$ 147,736	\$
237,118.39	FEDERAL HOME LN MTG CORP		238,247	
611,234.17	FEDERAL HOME LN MTG ASSOC		621,503	
274,016.91	FEDERAL HOME LN MTG CORP		277,298	
38,531.66	FEDERAL NATL MORTGAGE ASSOC		38,557	
226,314.26	FEDERAL HOME LN MTG CORP MULTI		227,957	
462,464.30	FEDERAL HOME LN MTG CORP MULTI		469,773	
43,351.17	FEDERAL HOME LN MTG CORP MULTI		43,448	
384,081.39	FEDERAL HOME LN MTG CORPMIC		388,428	
166,120.68	FEDERAL HOME LN MTG PC GTD		164,102	
540,568.22	FEDERAL NATL MTG ASSN		547,938	
138,323.05	FEDERAL NATL MTG ASSN		138,565	
1,854.72	FEDERAL NATL MTG ASSN		1,850	
182,117.24	FEDERAL NATL MTG ASSN		184,881	
514,424.07	FEDERAL NATL MTG ASSN		520,627	
328,730.06	FEDERAL NATL MTG ASSN		333,626	
321,080.81	FEDERAL NATL MTG ASSN		321,442	
600,134.52	FEDERAL NATL MTG ASSN		604,763	
31,826.83	FEDERAL NATL MTG ASSN		31,740	
185,870.87	FEDERAL NATL MTG ASSN		188,462	
1,172,331.00	FEDERAL NATL MTG ASSN		1,185,558	
498,203.36	FEDERAL NATL MTG ASSN		502,586	
14,806.11	FEDERAL NATL MTG ASSN		14,765	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
126,501.93	FEDERAL NATL MTG ASSN		\$ 126,821	\$
348,453.13	FEDERAL NATL MTG ASSN		351,898	
18,811.06	FEDERAL NATL MTG ASSN		18,769	
360,083.69	FEDERAL NATL MTG ASSN		364,055	
612,844.33	FEDERAL NATL MTG ASSN		622,274	
222,564.86	FEDERAL NATL MTG ASSN		227,545	
29,990.10	FEDERAL NATL MTG ASSN		29,999	
170,899.65	FEDERAL NATL MTG ASSN		172,851	
144,667.99	FEDERAL NATL MTG ASSN		68,943	
346,853.06	FEDERAL NATL MTG ASSN		348,874	
78,855.71	FEDERAL NATL MTG ASSN GTD		79,625	
33,057.31	FEDERAL NATL MTG ASSN GTD		33,060	
394,654.85	FEDERAL NATL MTG ASSN GTD		394,169	
224,671.18	FEDERAL NATL MTG ASSN GTD REMI		221,901	
453,985.55	FEDERAL NATL MTG ASSN REMIC		453,992	
163,542.89	FEDERAL NATL MTG ASSN REMIC		164,061	
636,384.82	FEDERAL NATL MTG ASSN REMIC		640,014	
124,435.21	FIRST HORIZON MTG PASS-THROUGH TR		121,967	
94,177.34	FIRST UN NATL BANK CHASE		93,811	
547,000.00	FIRSTAR BK NA CINCINNATI OH		560,302	
96,677.44	FNMA POOL 066181		96,095	
135,530.23	FNMA POOL 142407		135,648	
144,740.36	FNMA POOL 198164		143,368	



Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
69,817.00	FNMA POOL 338457		\$ 72,067	\$
128,115.00	FNMA POOL 594233		128,343	
33,575.64	FNMA POOL 604921		33,283	
55,669.32	FNMA POOL 609912		57,409	
405,444.93	FNMA POOL 658378		407,305	
61,139.87	FNMA POOL 665084		63,298	
409,560.17	FNMA POOL 691295		415,335	
35,855.42	FNMA POOL 711466		36,337	
32,629.52	FNMA POOL 723661		32,387	
43,607.52	FNMA POOL 725054		43,509	
69,721.40	FNMA POOL 725741		69,594	
125,538.57	FNMA POOL 735785		126,349	
348,080.95	FNMA POOL 745551		348,735	
461,206.68	FNMA POOL 751498		460,437	
61,719.57	FNMA POOL 763194		61,888	
135,514.76	FNMA POOL 776192		135,430	
647,778.53	FNMA POOL 802696		646,692	
603,548.94	FNMA POOL 816329		605,963	
199,407.29	FNMA POOL 844000		201,782	
302,775.03	FNMA POOL 888243		304,471	
324,442.75	FNMA POOL 888246		328,390	
422,368.13	FNMA POOL 888934		417,835	
433,595.93	FNMA REMIC TRUST		437,413	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
300,275.35	FNMA REMIC TRUST		\$ 302,355	\$
600,000.00	GENERAL ELECTRIC CAP CORP MTN		498,423	
100,022.26	GENERAL NATL MTG ASSN		99,983	
594,509.86	GENERAL NATL MTG ASSN		591,250	
270,619.94	GENERAL NATL MTG ASSN		270,711	
500,000.00	GENWORTH GLOBAL FDG		402,920	
700,000.00	GLAXOSMITHKLINE CAP INC		682,125	
285,865.92	GMAC COML MTG SEC INC		284,973	
502,316.69	GMAC COML MTG SEC INC		500,610	
37,945.05	GMAC MTG LN TR		34,575	
500,000.00	GOLDMAN SACHS GROUP INC		465,482	
258,476.12	GOVERNMENT NATIONAL MORTGAGE		260,928	
99,097.76	GOVERNMENT NATL MTG ASSN		99,240	
213,144.67	GOVERNMENT NATL MTG ASSN GTD		214,476	
119,913.03	GOVERNMENT NATL MTG ASSN GTD		120,293	
493,316.00	GOVERNMENT NATL MTG ASSN GTD		500,103	
325,300.89	GOVERNMENT NATL MTG ASSN GTD		327,040	
600,000.00	GS AUTO LOAN TRUST		535,313	
500,000.00	GS MTG SECS CORP		381,715	
43,979.84	GS MTG SECS CORP		41,451	
211,409.37	GS MTG SECS CORP		166,840	
57,011.26	GSR MTG LN TR		54,178	
16,180.01	GSR MTG LN TR		15,525	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
384,299.06	HARLEY DAVIDSON MOTORCYCLE TR		\$ 376,974	\$
1,000,000.00	HEWLETT PACKARD CO		881,675	
500,000.00	HSBC FIN CORP		485,517	
500,000.00	HSBC FIN CORP		480,045	
103,972.34	INDYMAC MBS INC		89,983	
84,619.40	INDYMAC MBS INC		82,686	
600,000.00	INTERNATIONAL BUSINESS MACHS		569,918	
60,000.00	INTERNATIONAL FIN CORP		568,200	
12,170.00	ISHARES BARCLAYS AGGREGATE		1,264,220	
13,500.00	ISHARES BARCLAYS MBS BOND FD		1,416,285	
298,816.66	JP MORGAN CHASE COML MTG		276,973	
622,119.71	JP MORGAN CHASE COML MTG		615,916	
248,021.63	JP MORGAN CHASE COML MTG SECS		244,675	
80,609.32	LB UBS COMM MTG TR		79,991	
327,947.80	LB UBS COMMERCIAL MTG TR		317,537	
146,984.24	MASTER ALTERNATIVE LN TR		113,385	
108,588.28	MASTER ASSET SECURITIZATION TR		108,605	
60,759.06	MERRILL LYNCH MTG INVS INC		42,322	
268,732.34	MORGAN STANLEY MTGE LN TRUST		268,482	
500,000.00	PACCAR FINL CORP		492,993	
700,000.00	PENNSYLVANIA ST HIGHER ED ASSI		700,000	
1,230,000.00	POPULAR ABS INC		792,966	
145,212.07	PRUDENTIAL SECS SECD FIN CORP		144,749	

Edgar Filing: GRAN TIERRA ENERGY INC. - Form 10-Q

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
192,824.28	RESIDENTIAL ACCREDIT LNS INC		\$ 164,339	\$
416,356.12	RESIDENTIAL ACCREDIT LNS INC		341,894	
114,650.69	RESIDENTIAL ACCREDIT LNS INC		90,492	
240,633.69	RESIDENTIAL ASSET SEC MTG PASS		196,116	
576,341.93	SALOMON BROS MTG SECS VII INC		575,143	
542,909.05	SAXON ASSET SECS TR		469,616	
131,926.37	SEQUOIA MTG TR		70,503	
9,530.23	SLM PRIVATE CR STUDENT LN TR		9,493	
5,443,013.81	STATE STREET BANK & TRUST CO		5,443,014	
289,389.66	STRUCTURED ASSET SECS CORP		221,247	
160,996.35	STRUCTURED ASSET SECS CORP		153,517	
58,600.00	TIERS PRINCIPAL PROTECTED		6,094	
18,500.00	VANGUARD BD INDEX FD INC		1,465,200	
103,521.78	WAMU MTG		94,609	
161,515.19	WAMU MTG PASS-THROUGH CTFS		158,709	
10,887.27	WAMC MTG SECS CORP		6,666	
378,264.92	WELLS FARGO		200,870	
24,024.37	WELLS FARGO MTG BACKED SECS		16,346	
320,000.00	WELLS FARGO SECS 2005 AR10 TR		315,685	
	Cash on deposit with bankers		521,735	
	Dividends receivable		8,251	
	Accrued interest receivable		4,080,263	

Target Corporation 401(k) Plan

EIN: 41-0215170 Plan Number: 002

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

Face Amount or Number of Shares/Units	Identity of Issue and Description of Investment	Contract Issuer Moody s/ S&P Rating	Investments at Fair Value	Wrapper Contracts at Fair Value
<b>Stable Value Fund (continued)</b>				
	Other receivables		\$ 32,602,666	\$
	Receivable for investment securities sold		63,285,674	
	Payable for investment securities purchased		(127,650,258)	
	Other payables		(42,507)	
	<b>Total Stable Value Fund</b>		848,077,102	489,094
<b>Participant Loans</b>				
83,620,017	Participant loans, interest rates ranging from 5.00% to 8.25%		83,620,017	
	<b>Total Assets held for Investment Purposes at End of Year</b>		\$ 3,588,385,390	\$ 489,094

\*Indicates a party in interest to the Plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

Date: June 10, 2009

TARGET CORPORATION 401(K) PLAN

By

*/s/ Douglas A. Scovanner*  
Douglas A. Scovanner  
Chief Financial Officer,  
On behalf of Target Corporation as Plan  
Administrator