



Gran Tierra Energy Inc. Announces Third Quarter 2010 Results

Quarter highlighted by entry into Brazil and delineation drilling at the Moqueta oil field discovery in Colombia

CALGARY, Alberta, November 4, 2010, Gran Tierra Energy Inc. (“Gran Tierra Energy”) (NYSE Amex: **GTE, TSX: GTE**), a company focused on oil and gas exploration and production in South America, today announced financial and operating results for the quarter ended September 30, 2010. All dollar amounts are in United States dollars unless otherwise indicated.

Highlights for the quarter include:

- Quarterly oil production of 13,367 barrels of oil per day (“**BOPD**”) net after royalty (“**NAR**”), a 3% increase in average daily production from the same period in 2009 of 12,945 BOPD NAR;
- Revenue and other income for the quarter of \$84.6 million, a 12% increase over the same period in 2009;
- Net loss of \$3.3 million or \$0.01 per share basic and diluted, compared to net loss of \$2.8 million or \$0.01 per share basic and diluted in the same period in 2009;
- Funds flow from operations of \$37.2 million compared to \$53.1 million for the same period in 2009;
- Cash and cash equivalents were \$308.4 million at September 30, 2010 compared to \$270.8 million at December 31, 2009. Gran Tierra Energy remains debt free;
- Working capital increased to \$270.2 million at September 30, 2010 compared to \$215.2 million at December 31, 2009;
- Acquired 70% working interest and operatorship in four blocks in the Recôncavo Basin of Brazil;
- Successfully drilled and tested the Moqueta-2 and Moqueta-3 delineation wells in the Moqueta oil discovery in Colombia;
- Initiated drilling location construction for the Moqueta-4 delineation well, and Pacayaco-1 and Taruka-1 exploration wells in Colombia;
- Initiated rig mobilization to Peru in preparation for drilling Gran Tierra Energy’s first well in Peru in December, 2010;
- Acquired a 20% interest in 6.7 million gross acres in three contiguous blocks adjacent to Gran Tierra Energy’s existing blocks 122 and 128 in Peru; and
- Initiated well workover operations at the VM.x-1001 discovery well in the Valle Morado gas field in preparation for sidetrack drilling operations in Argentina.

“Gran Tierra Energy executed a critical first step in our growth strategy in Brazil, with the acquisition of operated land containing undeveloped reserves, conventional exploration opportunities, and a new exploration concept that we intend to test next year. In parallel, we have continued with the successful delineation of our recent oil discovery at Moqueta in Colombia, and continue to ramp up our other exploration programs in Colombia and Peru. Finally, in Argentina we continue to evaluate the gas potential of our properties to leverage off rising gas prices in the country. As has been the case before, we continue to have an exceptional balance sheet, with a fully funded capital program and no debt,” said Dana Coffield, President and Chief Executive Officer of Gran Tierra Energy Inc.

Production Review

(Barrels of Oil)	Three Months Ended September 30, 2010			Three Months Ended September 30, 2009		
	Colombia	Argentina	Total	Colombia	Argentina	Total
Gross Production	1,519,042	77,992	1,597,034	1,364,021	104,233	1,468,254
Royalties	(392,141)	(9,061)	(401,202)	(227,667)	(11,654)	(239,321)
Inventory Adjustment	36,060	(2,124)	33,936	(29,089)	(8,890)	(37,979)
Production Net After Royalties (NAR)	1,162,961	66,807	1,229,768	1,107,265	83,689	1,190,954
Barrels of Oil Per Day (BOPD) (NAR)	12,641	726	13,367	12,035	910	12,945

(Barrels of Oil)	Nine Months Ended September 30, 2010			Nine Months Ended September 30, 2009		
	Colombia	Argentina	Total	Colombia	Argentina	Total
Gross Production	4,865,956	238,521	5,104,477	3,552,677	302,842	3,855,519
Royalties	(1,286,490)	(27,805)	(1,314,295)	(508,109)	(36,105)	(544,214)
Inventory Adjustment	(12,089)	(2,389)	(14,478)	(27,490)	(10,218)	(37,708)
Production Net After Royalties (NAR)	3,567,377	208,327	3,775,704	3,017,078	256,519	3,273,597
Barrels of Oil Per Day (BOPD) (NAR)	13,067	763	13,830	11,052	940	11,991

Financial Review

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	% Change	2010	2009	% Change
(Thousands of U.S. Dollars)						
Revenue and Interest	\$ 84,569	\$ 75,354	12	\$ 261,793	\$ 167,430	56
Net (loss) income	\$ (3,277)	\$ (2,816)	16	\$ 24,054	\$ (16,884)	242

(US Dollars per Share)

Net (Loss) Income Per Share - Basic	\$ (0.01)	\$ (0.01)	-	\$ 0.10	\$ (0.07)	243
Net (Loss) Income Per Share - Diluted	\$ (0.01)	\$ (0.01)	-	\$ 0.09	\$ (0.07)	229

Funds flow from operations (1) reconciled to net income (loss) is as follows:

Funds flow From Operations - Non-GAAP Measure	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
(Thousands of U.S. Dollars)				
Net (loss) income	\$ (3,277)	\$ (2,816)	\$ 24,054	\$ (16,884)
Adjustments to reconcile net (loss) income to funds flow from operations				
Depletion, depreciation, accretion and impairment	35,254	35,246	107,238	95,466
Deferred taxes	(9,995)	(697)	(28,026)	(5,650)
Stock-based compensation	2,064	1,198	5,424	3,483
Unrealized (gain) loss on financial instruments	-	(77)	(44)	294
Unrealized foreign exchange loss	13,139	20,273	27,136	32,982
Funds flows from operations	\$ 37,185	\$ 53,127	\$ 135,782	\$ 109,691

- (1) Funds flow from operations is a non-GAAP measure which does not have any standardized meaning prescribed under GAAP. Management uses this financial measure to analyze operating performance and the income (loss) generated by Gran Tierra Energy's principal business activities prior to the consideration of how non-cash items affect that income (loss), and believes that this financial measure is also useful supplemental information for investors to analyze operating performance and Gran Tierra Energy's financial results. Investors should be cautioned that this measure should not be construed as an alternative to net income (loss) or other measures of financial performance as determined in accordance with GAAP. Gran Tierra Energy's method of calculating this measure may differ from other companies and therefore, it may not be comparable to similar measures used by other companies or appropriate for other purposes. Funds flow from operations, as presented, is net income (loss) adjusted for depletion, depreciation and accretion, deferred taxes, stock based compensation, unrealized loss (gain) on financial instruments and unrealized foreign exchange losses (gains).

Third Quarter 2010 Financial Highlights:

Revenue and interest increased 12% to \$84.6 million for the three months ended September 30, 2010 compared to \$75.4 million in the same quarter in 2009 due to increased crude oil production in Colombia and an increase of 8% in realized crude oil prices. For the nine months ended September 30, 2010, revenue and interest increased 56% to \$261.8 million compared to the same period in 2009 due to increased crude oil production in Colombia and an increase of 35% in realized crude oil prices.

Operating expenses for the third quarter of 2010 amounted to \$19.4 million, a 113% increase from the same period in 2009 due to expanded operations, increased workovers and increased transportation costs. For the three months ended September 30, 2010, operating expenses on a barrel of oil (“boe”) basis increased by 104% to \$15.58 due to the impact of workovers and higher costs. Operating expenses for the nine months ended September 30, 2010 increased to \$39.0 million, a 56% increase from the same period last year, also as a result of expanded operations, increased workovers and increased transportation costs. Operating expense per boe increased 34% to \$10.25 per boe compared to \$7.64 per boe in the same period in 2009 due to higher costs which more than offset the increased production.

Depletion, depreciation and accretion expense (“DD&A”) for the current quarter of \$35.3 million was comparable to the DD&A expense recorded in the same quarter in 2009 due to similar production levels. However, for the first nine months of 2010, DD&A expense increased by 12% to \$107.2 million due to increased production levels in Colombia. On a boe basis, DD&A has decreased by 4% to \$28.31 for the third quarter of 2010 and 3% to \$28.16 for the nine months ended September 30, 2010 compared to the same periods in 2009 due to higher proved reserves.

General and administrative expense (“G&A”) of \$11.0 million and \$27.8 million for the three month and nine months ended September 30, 2010 were 55% and 45% higher, respectively, than in the same periods in 2009 primarily due to increased employee related costs reflecting expanded operations. G&A expenses per boe increased 48% to \$8.81 for the current quarter, compared to \$5.94 for the third quarter of 2009, and increased by 25% to \$7.31 for the first nine months ended September 30, 2010 compared to \$5.86 for the same period in 2009 due to the same reasons cited above, but partially offset by increased production levels..

A foreign exchange loss of \$16.3 million was recorded in the third quarter of 2010, of which \$13.1 million is an unrealized non-cash foreign exchange loss. This compares to the \$18.9 million foreign exchange loss recorded in the same quarter of 2009, of which \$20.3 million was an unrealized non-cash foreign exchange loss. For the nine months ended September 30, 2010, a foreign exchange loss of \$33.7 million was recorded, of which \$27.1 million is an unrealized non-cash foreign exchange loss, compared to a foreign exchange loss of \$32.4 million, of which \$33.0 million was an unrealized non-cash foreign exchange loss in the same period in 2009. The unrealized foreign exchange losses arose primarily as a result of the translation of a deferred tax liability. The deferred tax liability is denominated in Colombian pesos and the decline in the U.S. dollar against the Colombian peso of 6% in the current quarter (12% for the nine months ended September 30, 2010) and 11% for the three months ended September 30, 2009 (14% for the nine months ended September 30, 2009) resulted in the foreign exchange losses.

A net loss of \$3.3 million or \$0.01 per share basic and diluted was recorded for the third quarter of 2010, compared to a net loss of \$2.8 million, or \$0.01 per share basic and diluted, for the same period in 2009. For the nine months ended September 30, 2010, net income of \$24.1 million, or \$0.10 per share basic and \$0.09 per share diluted, was recorded compared to a net loss of \$16.9 million, or \$0.07 per share basic and diluted, for the same period in 2009.

Balance Sheet Highlights:

The company reported cash and cash equivalents of \$308.4 million at September 30, 2010 as compared to \$270.8 million at December 31, 2009. Working capital increased to \$270.2 million at September 30, 2010, as compared to \$215.2 million at December 31, 2009. Shareholders’ equity increased to \$869.1 million at September 30, 2010 from \$816.4 million at December 31, 2009, and the company had no outstanding long-term debt as of September 30, 2010.

Production Highlights:

Average daily consolidated light and medium crude oil production for the three months ended September 30, 2010 increased 3% to 13,367 BOPD NAR compared to 12,945 BOPD NAR for the same period in 2009.

Production for the nine months ended September 30, 2010 averaged 13,830 BOPD NAR. Gran Tierra Energy’s target for average production in 2010 is 14,000 to 16,000 BOPD NAR. Third quarter production was below the target range due to the OTA pipeline in Colombia being offline for 22 days in the third quarter. Average production for 2010 is still expected to fall within Gran Tierra Energy’s projections of 14,000 to 16,000 BOPD NAR.

Average daily Colombian production of light and medium crude oil for the three months ended September 30, 2010 increased 5% to 12,641 BOPD NAR compared to 12,035 BOPD NAR for the same period in 2009. The increase in production is due primarily to increased production from the continued development of the Costayaco field in the Chaza Block in Colombia where Gran Tierra Energy has a 100% working interest.

Average daily Argentine production of light and medium crude oil for the quarter ended September 30, 2010 decreased 20% to 726

BOPD NAR compared to 910 BOPD NAR for the same period in 2009 due to natural declines.

Operations Update

COLOMBIA

Gran Tierra Energy's 2010 drilling program for the remainder of this year is anticipated to include development drilling in the Costayaco Field, delineation drilling in the Moqueta Field and additional exploration drilling. Gran Tierra Energy expects to have four drilling rigs active during the fourth quarter, 2010.

Costayaco Field, Chaza Block

A planned water injection facility was completed in September, 2010. Water injection commenced in Costayaco-5 into the T Sand for reservoir pressure maintenance to maximize oil recovery and ensure optimum plateau production recovery.

Gran Tierra Energy has decided to drill two more development wells in the Costayaco Field. Costayaco-12 will be located north of Costayaco-11 and is intended as a water injector in the longer term, but initially will be used as a producer to drain reserves in the northern portion of the field. Costayaco-13 will be located at the southern end of the Costayaco Field and is being drilled as a producer to drain the southern flank of the field.

Moqueta Discovery, Chaza Block

The Moqueta-3 appraisal well was successfully drilled and logged; oil bearing reservoirs were confirmed in the Villeta U and T Sandstones and Caballos reservoir sandstones with additional interpreted oil potential in the Villeta U Sandstone confirming a total hydrocarbon column in the Caballos Formation of 670 feet. Based on wire-line test data, the T sand reservoir has a gas cap with a 239 feet gas column and 408 feet oil column. The base of the oil column has not been found yet. The Caballos reservoir also has a gas cap with 110 feet of gas column and 560 feet of oil column.

Civil works for Moqueta-4 is currently underway. The anticipated spud date for Moqueta-4 is early December, 2010. Land negotiations associated with the Moqueta to Costayaco pipeline are currently underway with pipeline construction expected to commence by mid-December and first oil production late in the first quarter of 2011.

2010 Exploration Wells, Colombia

The Pacayaco-1 exploration well in the Chaza Block began drilling November 3, 2010. This well is targeting the same reservoir targets on the same structural trend as the recent Moqueta oil discovery. Preliminary results are expected in approximately one month. The Taruka-1 well in the Piedmonte Sur Block will be drilled by a heli-portable rig and construction for the well pad is underway. Taruka-1 is expected to spud in early December 2010.

Popa-3 Appraisal Well, Rio Magdalena Block

The Popa-3 well was drilled and logged and gas bearing reservoirs were identified in the Monserrate Formation. The well has been cased and suspended. A testing program will likely commence when a work-over rig is available. Documentation regarding the Popa Field commerciality was presented to Ecopetrol for evaluation in mid-September.

Seismic Operations

- Chaza Block: A 48 km 2D seismic survey was initiated over the Moqueta area to assist in the mapping of the Pacayaco prospect and assist with reserve evaluation mapping on the Moqueta structure. This survey is currently 80% complete. A more extensive 110 km² 3D seismic program will be acquired over the Moqueta discovery and nearby prospects when the necessary permitting approvals have been acquired.
- Chaza Block: 96 km² of 3D seismic was initiated over the Rio Guineo lead and to assist with the mapping of leads recognized on 2D seismic and the evaluation of the Pacayaco prospect.
- Piedmonte Norte Block: A 70 km 2D seismic survey has been planned over the Rio Blanco prospect. Gran Tierra Energy is currently waiting on permitting approval to commence the seismic survey.
- Piedmonte Sur Block: Permitting approval was obtained to acquire an additional 20 km of 2D seismic over the Garza prospect to mature this prospect to drillable status.
- Putumayo-1 Block: Planning and submission of permitting approval has commenced for the acquisition of a 130 km² 3D seismic program. This program is expected to commence in December 2010.

PERU

Exploration drilling in the Marañon Basin is expected to commence mid-December 2010 with Kanatari-1 well in Block 128, followed by Pichico-1 in Block 122. The drilling rig is currently being mobilized to Block 128.

On Block 128, 257 km of 2D seismic was acquired in fulfillment of the second exploration period commitments. The EIA approval for seismic and drilling has been approved for Block 122. The seismic contractor is now mobilizing to Block 122 to commence seismic acquisition, with completion expected in January 2011.

Gran Tierra Energy acquired a 20% interest in 6.7 million gross acres in three contiguous blocks adjacent to Gran Tierra Energy's existing blocks 122 and 128 in Peru. ConocoPhillips, operator of Blocks 123, 124 and 129 in the Marañon Basin, has acquired 606 km of 2D seismic in fulfillment of the second exploration period within Block 123 and the seismic crew has now been mobilized to Block 129 to begin acquisition of 304 km of 2D seismic.

BRAZIL

In August 2010, Gran Tierra Energy established initial exploration and production position in Brazil by finalizing an agreement with Alvorado Petroleo S.A., whereby Gran Tierra Energy will receive a 70% working interest in four Blocks in the onshore Recôncavo Basin, Brazil. The transaction is subject to Gran Tierra Energy obtaining the customary regulatory approval from Brazil's Agencia Nacional de Petroleo Gas Natural e Biocombustiveis ("ANP"). Under the terms of the agreement Gran Tierra Energy will become the operator of the four blocks and has committed to drill an exploration well in each Block and pay its working interest share of the 3D seismic program. 93 km² of 3D seismic acquisition is currently underway to evaluate new potential drilling targets.

Gran Tierra Energy will also assume its working interest share of a light oil discovery which has an unaudited estimated gross recoverable resource of 6 million barrels of oil. Gran Tierra Energy anticipates drilling additional wells to further delineate this discovery. The gross production from this discovery is currently 500 BOPD (gross).

Gran Tierra Energy continues to evaluate other new venture exploration and development opportunities in both the onshore and offshore of Brazil.

ARGENTINA

Santa Victoria Block

On August 2, 2010, Gran Tierra Energy's Environmental Impact Assessment was approved for the acquisition of 200 km² of 3D seismic. The seismic campaign will evaluate potential oil and gas prospects with the intent to mature exploration drilling opportunities for 2011. Seismic acquisition commenced in October and will continue through November, 2010.

VM.x-1001 Well, Valle Morado Block

The Valle Morado-1001 re-entry operations started in the third quarter of 2010, with integrity testing and remediation operations required for the sidetrack operations. Due to operational difficulties the initial side-track attempt was not successful. Currently the operation has been placed on standby pending the arrival of additional side-track equipment, before recommencing the side-track operation in fourth quarter, 2010.

The revamping of the Gas Treatment Facilities was started with engineering design, procurement and contracting. The completion of the plant overhaul is planned for May, 2011.

Conference Call Information:

Gran Tierra Energy Inc. will host its third quarter 2010 results conference call on Monday, November 8, 2010 at 8:00 a.m. Mountain Time (MT).

President and Chief Executive Officer Dana Coffield and Chief Financial Officer Martin Eden will discuss Gran Tierra Energy's financial and operating results for the quarter and then take questions from securities analysts and institutional shareholders.

Interested parties may access the conference call by dialing 1-866-788-0541 (domestic) or +1-857-850-1679 (international), pass code 54426052. The call will also be available via web cast at www.grantierra.com, www.streetevents.com, or www.fulldisclosure.com. The web cast will be available on Gran Tierra Energy's website until the next earnings call.

For interested parties unable to participate, an audio replay of the call will be available beginning two hours after the call until 11:59 p.m. on November 8, 2010. To access the replay dial 1-888-286-8010 (domestic) or 617-801-6888 (international) pass code 91705886.

Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast.

About Gran Tierra Energy Inc.

Gran Tierra Energy Inc. is an international oil and gas exploration and production company, headquartered in Calgary, Canada, incorporated in the United States, trading on the NYSE Amex Exchange (GTE) and the Toronto Stock Exchange (GTE), and operating in South America. Gran Tierra Energy holds interests in producing and prospective properties in Argentina, Colombia and Peru, and Brazil. Gran Tierra Energy has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities to provide a base for future growth. Additional information concerning Gran Tierra Energy is available at www.grantierra.com. Investor inquiries may be directed to info@grantierra.com or (403) 265-3221.

Gran Tierra Energy's Securities and Exchange Commission filings are available on a web site maintained by the Securities and Exchange Commission at <http://www.sec.gov> and on SEDAR at <http://www.sedar.com>.

Forward Looking Statements:

This news release contains certain forward-looking information, forward-looking statements and forward-looking financial outlook (collectively, "forward-looking statements") under the meaning of applicable securities laws, including Canadian Securities Administrators' National Instrument 51-102 - *Continuous Disclosure Obligations* and the United States Private Securities Litigation Reform Act of 1995. The use of the words "expect", "project", "plan", "anticipate", "schedule", "intend", "will", "target" and similar expressions are intended to identify forward-looking statements. In particular, but without limiting the foregoing, this news release contains forward-looking statements regarding: Gran Tierra Energy's planned operations, including as described under the caption "Operations Update" for each of the countries in which it operates, together with all other statements regarding expected or planned development, testing, drilling, production, expenditures or exploration, or that otherwise reflect expected future results or events.

The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Gran Tierra Energy including, without limitation, assumptions relating to log evaluations, that Gran Tierra Energy will continue to conduct its operations in a manner consistent with past operations, the effects of drilling down-dip and the general continuance of current or, where applicable, assumed operational and industry conditions. Gran Tierra Energy believes the material factors, expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking statements contained in this news release are subject to risks, uncertainties and other factors that could cause actual results or outcomes to differ materially from those contemplated by the forward-looking statements, including, among others: Gran Tierra Energy's operations are located in South America, and unexpected problems can arise due to guerilla activity, technical difficulties and operational difficulties which impact its testing and drilling operations and the production, transport or sale of its products; geographic, political and weather conditions can impact testing and drilling operations and the production, transport or sale of its products; and the risk that current global economic and credit market conditions may impact oil prices and oil consumption more than Gran Tierra Energy currently predicts, which could cause Gran Tierra Energy to modify its exploration activities. Further information on potential factors that could affect Gran Tierra Energy are included in risks detailed from time to time in Gran Tierra Energy's Securities and Exchange Commission filings, including, without limitation, under the caption "Risk Factors" in Gran Tierra Energy's Quarterly Report on Form 10-Q filed August 6, 2010. These filings are available on a Web site maintained by the Securities and Exchange Commission at <http://www.sec.gov> and on SEDAR at www.sedar.com. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and Gran Tierra Energy disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. BOE's 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.

Contact Information

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Basis of Presentation of Financial Results:

Gran Tierra Energy's financial results are reported in United States dollars and prepared in accordance with generally accepted accounting principles in the United States.

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
REVENUE AND OTHER INCOME				
Oil and natural gas sales	\$ 84,110	\$ 75,171	\$ 260,759	\$ 166,606
Interest	459	183	1,034	824
	<u>84,569</u>	<u>75,354</u>	<u>261,793</u>	<u>167,430</u>
EXPENSES				
Operating	19,401	9,099	39,028	25,063
Depletion, depreciation, accretion, and impairment	35,254	35,246	107,238	95,466
General and administrative	10,977	7,076	27,848	19,226
Derivative financial instruments (gain) loss	-	(77)	(44)	207
Foreign exchange loss	16,320	18,867	33,740	32,353
	<u>81,952</u>	<u>70,211</u>	<u>207,810</u>	<u>172,315</u>
INCOME (LOSS) BEFORE INCOME TAXES				
	2,617	5,143	53,983	(4,885)
Income tax expense	(5,894)	(7,959)	(29,929)	(11,999)
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME	<u>(3,277)</u>	<u>(2,816)</u>	<u>24,054</u>	<u>(16,884)</u>
RETAINED EARNINGS (ACCUMULATED DEFICIT), BEGINNING OF PERIOD	48,256	(7,084)	20,925	6,984
RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF PERIOD	<u>\$ 44,979</u>	<u>\$ (9,900)</u>	<u>\$ 44,979</u>	<u>\$ (9,900)</u>
NET (LOSS) INCOME PER SHARE — BASIC				
	\$ (0.01)	\$ (0.01)	\$ 0.10	\$ (0.07)
NET (LOSS) INCOME PER SHARE — DILUTED				
	\$ (0.01)	\$ (0.01)	\$ 0.09	\$ (0.07)
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC				
	254,951,642	242,232,717	252,487,462	240,585,878
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED				
	254,951,642	242,232,717	260,294,503	240,585,878

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

	<u>September 30,</u>	<u>December 31,</u>
	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 308,396	\$ 270,786
Restricted cash	290	1,630
Accounts receivable	73,089	35,639
Inventory	5,479	4,879
Taxes receivable	2,310	1,751
Prepays	1,810	1,820
Deferred tax assets	2,683	4,252
Total Current Assets	394,057	320,757
Oil and Gas Properties (using the full cost method of accounting)		
Proved	431,952	474,679
Unproved	270,479	234,889
Total Oil and Gas Properties	702,431	709,568
Other capital assets	5,135	3,175
Total Property, Plant and Equipment	707,566	712,743
Other Long Term Assets		
Restricted cash	846	162
Deferred tax assets	7,493	7,218
Other long term assets	319	347
Goodwill	102,581	102,581
Total Other Long Term Assets	111,239	110,308
Total Assets	\$ 1,212,862	\$ 1,143,808

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$ 37,682	\$ 36,786
Accrued liabilities	47,560	40,229
Derivative financial instruments	-	44
Taxes payable	38,541	28,087
Asset retirement obligation	36	450
Total Current Liabilities	123,819	105,596

Long Term Liabilities

Deferred tax liabilities	213,451	216,625
Deferred remittance tax	1,453	903
Asset retirement obligation	5,025	4,258
Total Long Term Liabilities	219,929	221,786

Shareholders' Equity

Common shares	4,128	1,431
(238,161,748 and 219,459,361 common shares and 18,699,854 and 24,639,513 exchangeable shares, par value \$0.001 per share, issued and outstanding as at September 30, 2010 and December 31, 2009 respectively)		
Additional paid in capital	817,505	766,963
Warrants	2,502	27,107
Retained earnings	44,979	20,925
Total Shareholders' Equity	869,114	816,426
Total Liabilities and Shareholders' Equity	\$ 1,212,862	\$ 1,143,808

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Operating Activities				
Net (loss) income	\$ (3,277)	\$ (2,816)	\$ 24,054	\$ (16,884)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depletion, depreciation and accretion	35,254	35,246	107,238	95,466
Deferred taxes	(9,995)	(697)	(28,026)	(5,650)
Stock based compensation	2,064	1,198	5,424	3,483
Unrealized (gain) loss on financial instruments	-	(77)	(44)	294
Unrealized foreign exchange loss	13,139	20,273	27,136	32,982
Settlement of asset retirement obligations	(263)	-	(263)	(52)
Net changes in non-cash working capital				
Accounts receivable	(7,791)	(25,491)	(35,195)	(68,633)
Inventory	488	(61)	1	(286)
Prepays	387	618	10	102
Accounts payable and accrued liabilities	13,845	4,996	(8,402)	6,501
Taxes receivable and payable	4,568	(3,247)	9,455	(12,296)
Net cash provided by operating activities	<u>48,419</u>	<u>29,942</u>	<u>101,388</u>	<u>35,027</u>
Investing Activities				
Restricted cash	(5)	(228)	656	(1,892)
Additions to property, plant and equipment	(38,040)	(26,327)	(88,954)	(65,595)
Proceeds from disposition of oil and gas property	400	600	1,600	4,800
Long term assets and liabilities	8	(92)	28	248
Net cash used in investing activities	<u>(37,637)</u>	<u>(26,047)</u>	<u>(86,670)</u>	<u>(62,439)</u>
Financing Activities				
Proceeds from issuance of common stock	4,388	1,170	22,892	2,257
Net cash provided by financing activities	<u>4,388</u>	<u>1,170</u>	<u>22,892</u>	<u>2,257</u>

Net increase (decrease) in cash and cash equivalents	15,170	5,065	37,610	(25,155)
Cash and cash equivalents, beginning of period	265,676	146,534	270,786	176,754
Cash and cash equivalents, end of period	\$ 280,846	\$ 151,599	\$ 308,396	\$ 151,599
Cash	\$ 223,320	\$ 66,980	\$ 223,320	\$ 66,980
Term deposits	85,076	84,619	85,076	84,619
Cash and cash equivalents, end of period	\$ 308,396	\$ 151,599	\$ 308,396	\$ 151,599
Supplemental cash flow disclosures:				
Cash paid for taxes	\$ 9,512	\$ 11,216	\$ 42,024	\$ 27,896
Non-cash investing activities:				
Non-cash working capital related to property, plant and equipment	\$ 30,747	\$ 8,233	\$ 30,747	\$ 8,233