



## Gran Tierra Provides Business and Operational Update

### *Implements Structural Cost Cutting Measures to Preserve its Balance Sheet*

CALGARY, Alberta, March 12, 2015, Gran Tierra Energy Inc. (“Gran Tierra” or the “Company”) (NYSE MKT: GTE, TSX: GTE), a company focused on oil exploration and production in South America, today announces cost reductions in line with its strategy to preserve its strong balance sheet and maximize potential for future growth. All dollar amounts are in United States (“U.S.”) dollars unless otherwise indicated.

In addition to recently announced reductions in 2015 capital expenditures, the Company has focused on reductions to Gran Tierra’s operating expenses and general and administrative costs and lower service and transportation costs. These cost reduction initiatives and increased working efficiencies will allow the Company the flexibility and financial capacity to react to opportunities that may arise from a continuing low oil price environment as well as to be able to quickly return to drilling from its own inventory in an improving price scenario.

Gran Tierra has identified a number of expected cost savings for 2015:

- Gran Tierra has significantly reduced full-time employees. The reduction is expected to exceed 20% from previous staffing levels, to contribute to an overall projected 22% reduction from 2014 general and administrative costs, excluding one-time termination costs and after allocations to capital and operating expenses. A few replacements for certain positions may be considered in the future, but the majority will not be replaced in the current environment;
- In 2015, Gran Tierra expects to realize \$14 million in total budgeted labor cost savings associated with the reduced full-time employees and contractors, excluding one-time termination costs and before allocations to capital and operating expenses. On an annualized basis the budgeted labor cost savings are expected to be approximately \$19 million before allocations to capital and operating expenses and excluding one-time termination costs;
- Gran Tierra is in ongoing negotiations with suppliers and service providers to achieve further savings that it expects to further reduce operating costs;
- In Colombia, as a result of negotiations with Gran Tierra’s crude oil transporters and a planned increase use of pipelines instead of trucking to transport oil, reduced transportation costs are anticipated to result in the Company realizing a net savings of approximately \$5.20 per barrel of oil equivalent (“BOE”). Gran Tierra plans to ship approximately 75% of production via pipeline in 2015 compared to 48% shipped via pipeline in 2014. These plans are supported by decreased downtime experienced on the Oleoducto Transandino (“OTA”) pipeline and by new alternate arrangements for shipping via the Oleoducto de Crudos Pesados (“OCP”) pipeline through Ecuador. The OCP pipeline is the primary transportation alternative when OTA is not available. Gran Tierra has also negotiated trucking tariff reductions of between 5% and 8%.
- Due to the continued low oil price environment, Gran Tierra expects to pay lower “High Priced Rights” royalties and current taxes in Colombia; and,
- As a result of the strengthening of the U.S. dollar against the local currencies in countries where Gran Tierra operates, the Company expects to realize significant savings for costs denominated in those local currencies.

Funds flow from continuing operations\* before effects of foreign exchange and inventory fluctuations and assuming 75% of Colombian production is delivered via pipeline is expected to be approximately:

- \$85 to \$105 million for 2015 assuming an average of Brent oil price of \$50 for 2015 which corresponds to NAR production of 18,200 to 19,200 barrels of oil equivalent per day (“BOEPD”)
- \$105 to \$125 million for 2015 assuming an average Brent oil price of \$55 for 2015 which corresponds to NAR production of 17,700 to 18,700 BOEPD; or,

- \$135 to \$155 million for 2015 assuming an average of Brent oil price of \$60 for 2015 which corresponds to NAR production of 17,500 to 18,500 BOEPD.

*Note: When oil prices decrease, the amount of "High Priced Rights" royalties the Company pays is reduced, which results in more NAR barrels to the Company.*

## **Operational Update - Colombia**

### *Chaza Block, Putumayo Basin (100% WI and Operator)*

Gran Tierra anticipates spudding the deviated Moqueta-18i well in mid-March, 2015. This well will be drilled from the existing Moqueta-1 platform and will target a downhole position down dip from the Moqueta-13 well, which is the deepest producer in the southern block. The primary objective of the well is to test the position of the Caballos reservoir oil-water contact in the eastern part of the Moqueta field. Depending on results, the well could be completed as a water injector to maintain the reservoir pressure in the southern block of the field, or if the well intersects an oil column in the Caballos, the well could be completed as a producer. Water injection in the main block of the field has yielded very positive pressure maintenance response and associated production increases.

## **About Gran Tierra Energy Inc.**

Gran Tierra is an international oil and gas exploration and production company, headquartered in Calgary, Canada, incorporated in the United States and operating in South America, with its stock trading on the NYSE MKT Exchange (GTE) and the Toronto Stock Exchange (GTE). Gran Tierra holds interests in producing and prospective properties in Colombia, Peru, and Brazil. Gran Tierra has a strategy that focuses on establishing a portfolio of producing properties, plus production enhancement and exploration opportunities as appropriate to provide a base for future growth.

Gran Tierra'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>.

Additional information concerning Gran Tierra is available at [www.grantierra.com](http://www.grantierra.com), on SEDAR ([www.sedar.com](http://www.sedar.com)) and with the Securities and Exchange Commission ([www.sec.gov](http://www.sec.gov)).

## **Forward-Looking Statements and Advisories**

This news release contains certain forward-looking information and forward-looking statements (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 "expects", "anticipated", "target", "potential", "plans", "continue", "intended", "will", "projected" and variations of these and similar words identify forward-looking statements. In particular, but without limiting the foregoing, this news release contains forward-looking statements regarding, among other things: Gran Tierra's expected cost savings from, and effectiveness of, its cost cutting measures; its ability to negotiate lower transportation costs; its anticipated funds flow from operations for 2015; that the Company will pay lower "High Priced Rights" royalties and current taxes in Colombia as a result of the continued low oil price environment; the impact of the strengthening U.S. dollar; and the timing of drilling of Moqueta-18i well as well as the expected results of that drilling including completion expectations.

The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Gran Tierra. In addition to those assumptions inherent in such forward-looking statements or otherwise set out in this news release, such assumptions include, without limitation, assumptions and estimates as to: compensation costs and savings; future oil prices and currencies; the Company's ability to renegotiate the rates and fees of suppliers and service providers as well as transportation costs; the extent and magnitude of future delivery disruptions; and the general continuance of current or, where applicable, assumed operational, regulatory and industry conditions. Gran Tierra 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: cost savings expectations from the reduction in the number of personnel and its ability to negotiate lower transportation costs may not be as much as, or have the impacts, Gran Tierra expects; unexpected technical difficulties and operational difficulties may occur which could limit the amount of cost savings that result from the measures it is taking, from what Gran Tierra expects; Gran Tierra's operations are located in South America, and unexpected problems can arise due to guerilla activity; disruptions on the OTA pipeline may be more than Gran Tierra expects and activities undertaken to mitigate the impact of such disruptions may not have the impact currently anticipated by Gran Tierra; geographic, political and weather conditions can impede testing, which could impact or delay the commencement of drilling exploration wells; and the risk that oil prices could continue to fall, or current global economic and credit market conditions may impact oil prices and oil consumption more than Gran Tierra currently predicts, which could cause Gran Tierra to further modify its strategy and capital spending program. Although the current capital program is based upon the current expectations of the management of Gran Tierra, there may be circumstances in which, for unforeseen reasons, a change in strategy or reallocation of funds may be necessary as may be determined at the discretion of Gran Tierra and there can be no assurance as at the date of this press release as to how such strategy may change or funds be reallocated. Should any one of a number of issues arise, Gran Tierra may find it necessary to alter its cost savings measures, current business strategy and/or capital program. Accordingly, readers should not place undue reliance on the forward-looking statements contained herein. Further information on potential factors that could affect Gran Tierra are included in risks detailed from time to time in Gran Tierra's Securities and Exchange Commission filings, including, without limitation, under the caption "Risk Factors" in Gran Tierra's Annual Report on Form 10-K filed March 2, 2015. 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](http://www.sedar.com). Readers are advised that the purpose of the financial outlook provided in this press release is to give a high-level overview of Gran Tierra's anticipated financial position in 2015 and such financial outlook may not be appropriate for other purposes.

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 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.

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 addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a BOE conversion ratio of 6 Mcf: 1 bbl would be misleading as an indication of value.

\* Funds flow from continuing 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 Gran

Tierra Energy's 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 Gran Tierra Energy's 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. Gran Tierra Energy's method of calculating this measure may differ from other companies and, accordingly, it may not be comparable to similar measures used by other companies. Funds flow from continuing operations, as presented, is net income adjusted for loss from discontinued operations, net of income taxes, depletion, depreciation, accretion and impairment ("DD&A") expenses, deferred tax expense or recovery, non-cash stock-based compensation, unrealized foreign exchange gain or loss, unrealized financial instrument gain or loss, cash settlement of asset retirement obligation, equity tax and other loss.

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