Clough Global Opportunities Fund
Form N-CSRS
November 30, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21846

Clough Global Opportunities Fund

(exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado 80203

(Address of principal executive offices) (Zip code)

Erin E. Douglas, Secretary

Clough Global Opportunities Fund

1290 Broadway, Suite 1100

Denver, Colorado 80203

(Name and address of agent for service)

Registrant s telephone number, including area code: 303-623-2577

Date of fiscal year end: March 31

Date of reporting period: September 30, 2010

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Item 1. **Reports to Stockholders.**

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Clough Global Funds Shareholder Letter

September 30, 2010 (Unaudited)

To Investors in the Clough Global Funds:

Clough Global Allocation Fund

During the 12 months ended September 30, 2010, the Clough Global Allocation Fund s (the Fund) total return, assuming reinvestment of all distributions, was 3.21% based on net asset value and 9.67% based on the market price of the stock. That compares with a 10.16% return for the S&P 500 for the same period.

Since the Fund s inception on July 28, 2004, the total growth in net asset value assuming reinvestment of all distributions has been 43.08% (27.80% based on market price), this compares to a cumulative total return of 17.60% for the S&P 500 through September 30, 2010.

The Fund s compound annual return since inception based on net asset value is 5.98% (4.05% based on market price) compared to 2.66% of the S&P 500 through September 30, 2010.

Total distributions since inception have been $10.81, and based on the current dividend rate of $0.30 per share, offer a yield of 7.81% on market price as of September 30, 2010, of $14.89.

Clough Global Equity Fund

During the 12 months ended September 30, 2010, the Clough Global Equity Fund s (the Fund) total return, assuming reinvestment of all distributions, was 2.99% based on net asset value and 10.70% based on the market price of the stock. That compares with a 10.16% return for the S&P 500 for the same period.

Since the Fund s inception on April 27, 2005, the total growth in net asset value assuming reinvestment of all distributions has been 26.35% (14.91% based on market price), this compares to a cumulative total return of 11.04% for the S&P 500 through September 30, 2010.

The Fund s compound annual return since inception based on net asset value is 4.40% (2.59% based on market price) compared to 1.95% of the S&P 500 through September 30, 2010.

Total distributions since inception have been $8.81, and based on the current dividend rate of $0.29 per share, offer a yield of 7.75% on market price as of September 30, 2010, of $14.18.

Clough Global Opportunities Fund

During the 12 months ended September 30, 2010, the Clough Global Opportunities Fund s (the Fund) total return, assuming reinvestment of all distributions, was 2.00% based on net asset value and 8.47% based on the market price of the stock. That compares with a 10.16% return for the S&P 500 for the same period.

Since the Fund s inception on April 25, 2006, the total growth in net asset value assuming reinvestment of all distributions has been 1.91% (-8.83% based on market price), this compares to a cumulative total return of -3.85% for the S&P 500 through September 30, 2010.

The Fund s compound annual return since inception based on net asset value is 0.43% (-2.06% based on market price) compared to -0.88%of the S&P 500 through September 30, 2010.

Total distributions since inception have been $5.58, and based on the current dividend rate of $0.27 per share, offer a yield of 8.14% on market price as of September, 2010, of $12.68.

We have argued in previous letters there is a good case that equity prices should be performing well on the strength of a powerful recovery in earnings and cash flows and the achievement of pre-crisis profit margins even in the face of weak demand. The economy is burdened by the fact that both consumers and businesses are reducing spending and are paying down debt, but everyone already knows that; a weak economy is no longer a surprise that could suddenly rise out of nowhere and bushwhack the stock market. Aggregate profits may stagnate in a no credit growth world but we have concentrated our investments in companies that have reduced the size of their capital stock to its most productive components and have been able to sustain profitability and build cash.

The biggest surprise to us is the failure of the market to recognize the value of growing cash flow streams, particularly in the technology sector. We think this is about to change. Excess cash is building across a number of industries, but cash hoarding strategies are being proven counterproductive and pressure is building on managements to begin to distribute it. Barron s and others have suggested that if cash rich technology companies for example, establish rising dividend streams, their equity values would increase substantially. Hoarding cash at zero percent interest rates is a poor capital allocation strategy. It not only leaves stranded capital on the balance sheet, but provides incentives to endless new competitors. In response, the market has awarded many of these companies ridiculously low price-to-earnings ratios.

In the case of Microsoft Corp (MSFT-NYSE) for example, estimates are the company is on track to deliver a free cash flow yield[1] of 10% in 2010 and 12% in 2011. In a zero money rate world, that is an extremely valuable cash stream, yet the company s price to earnings ratio has declined to 10xs in the face of a not inconsiderable high single digit revenue growth and low teens earnings growth.

We think a market populated with income starved investors will force a change in these cash hoarding strategies, that in a zero interest rate world, our patience will win out, managements will finally wake up and realize they are suffocating the values they are paid by the shareholders to build, and our work in defining strong cash flow companies will pay off. The cash is already beginning to

The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted.

[1] *An overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price share.*

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Shareholder Letter Clough Global Funds

September 30, 2010 (Unaudited)

move. Even Microsoft s dividend exceeds the ten year Treasury yield, merger and acquisition activity and private equity deals are already reemerging and stock buybacks are likely to pick up.

There has been more talk of quantitative easing by the Federal Reserve. Such policies might not have much effect on money supply growth, simply because U.S. households in the aggregate are unable to borrow and it takes borrowing to increase money supplies. Nevertheless, market anticipation has helped the S&P 500 (second most widely followed index of large-cap U.S. stocks) rise above 1150 and emerging markets indexes such as the MSCI AC Asia ex-Japan[2] break out above its June 2008 high, making up all of the 2008 2009 losses.

We think such a policy is most likely to fuel higher stock prices in emerging markets, where price to earnings ratios[3] are similar to that on the S&P 500 but where credit can grow to support high profits. Capital inflows, strong domestic demand, low domestic credit to gross domestic product (GDP) ratios, and Japan s intent to flood their capital markets with liquidity to halt the Yen s rise will all likely lend to a liquidity boom in Asia. Many Asian markets have been moving up in recent weeks, something we view as a positive divergence. Hong Kong bank share prices have also been outperforming, another positive indicator.

We continue to find good domestic demand stories throughout Asia. It is easy to underestimate the positive effects of China s infrastructure investments and its transition to a services based economy. These policies not only improve productivity but create a well trained work force and personal incomes are building. No longer is China overspending on low return steel and aluminum plants, but it is investing in the ability to move its population efficiently and cheaply. During a recent trip to Chongqing, I noted perhaps well in excess of 100 cranes in the ground, but many were simply to replacing old Communist built housing, not necessarily adding to the housing stock.

Not only do we have one of the largest percentages of assets in the Fund s history committed to Asian markets generally, but a few months ago we added Brian Chen to our analytical staff to focus more on non-China markets such as Malaysia and Indonesia. Brian has twenty years of experience analyzing Asian markets and companies and further illustrates our commitment to having the strongest research effort possible. China s equity market offers economic dominance of the continent and proliferation of investment opportunities and China s consumption trends will be the major source of Asia investments for the Funds, but other Asian markets have the advantage that the government is not trying to suppress real estate demand.

Economic indicators out of Brazil also support a fully invested position there. Mortgage loans outstanding rose 51% in August according to Bradesco Equity Research, unemployment fell below 7% and real wages rose 8.1% year over year. Credit growth is rising at double digit rates as a housing expansion gets underway and we believe that the nation s growth will be underestimated by many investors.

Our holdings of auto related stocks have also trended sideways for several months while the companies have been reporting record profit margins even at depressed sales levels. August auto sales were 11.5 million, still well below replacement levels of perhaps 13.5 million, indicating that profit growth in this cycle still has a long way to go[4]. As the market becomes more confident of the sustainability of current sales levels, we think the stocks will move higher.

Other sectors are also attractive. For example, life insurance stocks are cheap. There is little or no recognition of franchise value and the stocks have discounted a sharp surge in credit risk when none appears likely. Corporate cash flows are strong, corporate debt is being reduced and credit spreads continue to decline. Several sell at 30 40 percent discounts to book value[5] and investors are pricing them as if corporate bonds were as distressed as they were eighteen months ago.

We have added to our mortgage insurance holdings over the last month or so. A number of states attorney generals have taken action against a number of banks over concerns regarding the integrity of mortgage loan foreclosure procedures. Many mortgage lenders have temporarily suspended foreclosure activities in response. Our sense is these events only intensify pressures to restructure mortgages where underwriting standards are at issue. This would further reduce the number of actual foreclosures that would trigger insurance payments. Evidence that cures of delinquent mortgages continue to outpace new delinquencies also points to improving fundamentals.

The Funds have been invested in oil production and exploration, both in the companies and the suppliers of their technology since we first began to invest. We have watched these stocks trade sideways for some time but it seems to us the futures curve pointing to higher oil prices as one goes out in time that the most efficient way to hold oil reserve is by holding the producer stocks.

Finally the Fund reduced its exposure to investment grade corporate bonds during the quarter. Spreads had declined in many instances to the point that further upside was limited. We invested the proceeds in high dividend Business Development Companies and mortgage real estate investment trusts (REITs). We have also identified selective high dividend stocks in Asia.

We appreciate your confidence in us and endeavor to do the best job we can of investing our clients assets. We sincerely appreciate your interest in our funds. If you have any questions about your investment, please call 1-877-256-8445.

Sincerely,

Charles I. Clough, Jr.

[2] *Index designed to measure the equity market performance of Asia, excluding Japan.*

[3] *A valuation ratio of a company s current share price compared to its per-share earnings.*

U.S. Department of Commerce

[4] *The value of an asset according to its balance sheet account balance.*

[5]

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Clough Global Allocation Fund | Portfolio Allocation

September 30, 2010 (Unaudited)

Asset Type (as a % of Value)*

Common Stock US	42.77%
Common Stock Foreign	28.11%
Exchange Traded Funds	-1.11%
Total Equities	**69.77%**
Corporate Debt	11.43%
Government & Agency Obligations	11.41%
Foreign Government Bonds	1.05%
Asset/Mortgage Backed Securities	0.29%
Total Fixed Income	**24.18%**
Short-Term Investments	5.64%
Other (Foreign Cash)	0.34%
Options	0.07%
Total Other	**6.05%**
Rights and Warrants	0.00%**
Total Rights and Warrants	**0.00%****
TOTAL INVESTMENTS	100.00%

Global Breakdown (as a % of Value)^

United States	68.63%
Brazil	9.04%
Hong Kong	6.58%
Japan	3.75%
China	2.55%
Cayman Islands	2.00%
Bermuda	1.66%
Great Britain	1.36%
Switzerland	1.33%
Canada	1.24%
South Korea	0.56%
Taiwan	0.53%
Netherlands	0.44%
Marshall Islands	0.38%
Indonesia	0.25%
Luxembourg	0.25%
Israel	0.09%
Singapore	0.03%
European Union	0.00%**
South Africa	0.00%**

Germany	-0.06%
France	-0.16%
India	-0.45%

* *Includes securities sold short.*

^ *Includes securities sold short and foreign cash balances.*

** *Less than 0.005%*

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Portfolio Allocation

Clough Global Equity Fund

September 30, 2010 (Unaudited)

Asset Type (as a % of Value)*

Common Stock US	47.88%
Common Stock Foreign	28.77%
Exchange Traded Funds	-1.38%
Total Equities	**75.27%**
Corporate Debt	9.75%
Government & Agency Obligations	8.51%
Foreign Government Bonds	0.95%
Asset/Mortgage Backed Securities	0.39%
Total Fixed Income	**19.60%**
Short-Term Investments	4.66%
Other (Foreign Cash)	0.40%
Options	0.07%
Total Other	**5.13%**
Rights and Warrants	0.00%**
Total Rights and Warrants	**0.00%****
TOTAL INVESTMENTS	100.00%

Global Breakdown (as a % of Value)^

United States	68.18%
Brazil	8.90%
Hong Kong	6.54%
Japan	4.23%
China	2.54%
Cayman Islands	1.98%
Bermuda	1.70%
Canada	1.35%
Great Britain	1.33%
Switzerland	1.29%
South Korea	0.55%
Taiwan	0.52%
Netherlands	0.43%
Marshall Islands	0.39%
Luxembourg	0.24%
Israel	0.23%
Indonesia	0.23%
Singapore	0.03%
European Union	0.00%**
South Africa	0.00%**

Germany	-0.05%
France	-0.16%
India	-0.45%

* *Includes securities sold short.*

^ *Includes securities sold short and foreign cash balances.*

** *Less than 0.005%*

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Clough Global Opportunities Fund

Portfolio Allocation
September 30, 2010 (Unaudited)

Asset Type (as a % of Value)*

Common Stock US	40.96%
Common Stock Foreign	27.17%
Exchange Traded Funds	-1.49%
Total Equities	**66.64%**
Corporate Debt	11.24%
Government & Agency Obligations	15.72%
Foreign Government Bonds	1.00%
Asset/Mortgage Backed Securities	0.10%
Total Fixed Income	**28.06%**
Short-Term Investments	4.61%
Other (Foreign Cash)	0.33%
Options	0.36%
Total Other	**5.30%**
Rights and Warrants	0.00%**
Total Rights and Warrants	**0.00%****
TOTAL INVESTMENTS	100.00%

Global Breakdown (as a % of Value)^

United States	69.69%
Brazil	8.82%
Hong Kong	6.41%
Japan	3.65%
China	2.49%
Cayman Islands	1.92%
Bermuda	1.65%
Great Britain	1.24%
Switzerland	1.21%
Canada	1.20%
South Korea	0.53%
Taiwan	0.51%
Netherlands	0.44%
Marshall Islands	0.36%
Luxembourg	0.24%
Indonesia	0.24%
Singapore	0.04%
South Africa	0.00%**
Germany	-0.05%
France	-0.16%

India	-0.43%

* *Includes securities sold short.*
^ *Includes securities sold short and foreign cash balances.*
** *Less than 0.005%*

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Statement of Investments | Clough Global Allocation Fund

September 30, 2010 (Unaudited)

	Shares	Value
COMMON STOCKS 108.47%		
Basic Materials 0.81%		
Anglo American PLC - Unsponsored ADR	6,794	$ 134,997
Fosun International, Ltd.	351,500	279,520
Gerdau S.A. - Sponsored ADR	24,229	329,757
JSR Corp.	14,200	241,713
The Sherwin-Williams Co.	5,300	398,242
		1,384,229
Communications 10.17%		
AT&T, Inc.	85,800	2,453,880
Centron Telecom International Holdings, Ltd.	261,800	60,061
China Mobile, Ltd.	23,000	235,518
China Telecom Corp., Ltd. - Class H	688,000	377,747
Chunghwa Telecom Co., Ltd. - ADR	43,544	976,257
Cisco Systems, Inc.[(a)]	133,100	2,914,890
Equinix, Inc.[(a)]	4,317	441,845
Google, Inc. - Class A[(a)(b)]	2,300	1,209,317
Liberty Media Corp. - Class A[(a)]	32,600	446,946
NII Holdings, Inc. [(a)]	11,623	477,705
QUALCOMM, Inc.	17,400	785,088
Sina Corp.[(a)]	13,380	676,760
Tencent Holdings, Ltd.	13,500	295,095
Valassis Communications, Inc.[(a)]	7,000	237,230
Verizon Communications, Inc.[(b)]	155,091	5,054,416
The Walt Disney Co.	22,200	735,042
		17,377,797
Consumer Cyclical 17.39%		
361 Degrees International, Ltd.	28,400	28,551
American Axle & Manufacturing Holdings, Inc.[(a)]	91,000	820,820
Anta Sports Products, Ltd.	401,600	930,649
Boshiwa International Holding, Ltd.[(a)]	38,167	36,795
Bosideng International Holdings, Ltd.	804,000	349,212
Bridgestone Corp.	27,900	508,336
China Lilang, Ltd.	900,300	1,508,458
Cooper Tire & Rubber Co.[(b)]	87,510	1,717,821
Dana Holding Corp.[(a)]	31,200	384,384
Denso Corp.	8,800	260,901
Dongfeng Motor Group Co., Ltd. - Class H	564,000	1,154,336
Federal-Mogul Corp.[(a)]	2,229	42,150
Ford Motor Co.[(a)(b)]	115,333	1,411,676
Gafisa S.A. - ADR[(b)]	57,100	884,479

Geely Automobile Holdings, Ltd.	414,000	205,430
Gol Linhas Aereas Inteligentes S.A. - ADR[b]	120,007	1,886,510

	Shares	Value
Consumer Cyclical (continued)		
GOME Electrical Appliances Holdings, Ltd.[a]	3,614,600	$ 1,090,131
The Goodyear Tire & Rubber Co.[a][b]	194,715	2,093,186
Hankook Tire Co., Ltd.	4,935	142,608
Hengdeli Holdings, Ltd.	1,994,593	922,893
Honda Motor Co., Ltd.	11,300	401,077
Hyatt Hotels Corp. - Class A[a]	9,900	370,161
Intime Department Store Group Co., Ltd.	415,200	572,590
Isuzu Motors, Ltd.	117,000	451,294
Little Sheep Group, Ltd.[c]	59,000	39,922
Localiza Rent A Car S.A.	54,500	908,333
Maoye International Holdings, Ltd.	713,400	333,766
Nissan Motor Co., Ltd.	77,400	675,906
PCD Stores, Ltd.[a][c]	266,600	84,184
Ports Design, Ltd.	34,100	94,272
Regal Hotels International Holdings, Ltd.	238,390	103,236
Skyworth Digital Holdings, Ltd.	380,000	264,962
Starwood Hotels & Resorts Worldwide, Inc.[b]	25,674	1,349,169
Tam S.A. - Sponsored ADR[b]	28,304	652,973
Tenneco, Inc.[a]	90,858	2,632,156
Tiger Airways Holdings, Ltd.[a][c]	51,200	78,643
TRW Automotive Holdings Corp.[a][b]	27,648	1,149,051
United Continental Holdings, Inc.[a]	78,606	1,857,460
US Airways Group, Inc.[a][b]	143,364	1,326,117
		29,724,598
Consumer Non-cyclical 4.47%		
BBMG Corp. - Class H	398,100	559,270
China Agri-Industries Holdings, Ltd.	241,000	341,674
China Foods, Ltd.	41,400	35,910
China Mengniu Dairy Co., Ltd.	61,000	188,688
China National Building Material Co., Ltd. - Class H	266,300	623,976
China Resources Cement Holdings, Ltd.[a]	1,011,900	596,014
Country Style Cooking Restaurant Chain Co., Ltd. - Sponsored ADR[a]	1,376	39,340
Gilead Sciences, Inc.[a]	9,500	338,295
Hypermarcas S.A.[a]	18,600	285,376
Julio Simoes Logistica S.A.[a]	153,600	758,014
Kraft Foods, Inc. - Class A	31,100	959,746
Man Wah Holdings, Ltd.	988,600	1,187,515
Mills Estruturas e Servicos de Engenharia S.A.[a]	82,152	816,179
NVC Lighting Holdings, Ltd.	19,700	9,953

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Clough Global Allocation Fund | Statement of Investments

September 30, 2010 (Unaudited)

	Shares	Value
Consumer Non-cyclical (continued)		
PT Indofood CBP[(a)(d)]	153,000	$ 92,486
Ruinian International, Ltd.	160,000	134,040
Santos Brasil Participacoes S.A.	57,000	613,121
West China Cement, Ltd.[(a)]	180,300	54,377
		7,633,974
Energy 19.33%		
Coal 1.78%		
Alpha Natural Resources, Inc.[(a)(b)]	15,109	621,735
Arch Coal, Inc.	6,600	176,286
Consol Energy, Inc.	7,000	258,720
Massey Energy Co.[(b)]	42,176	1,308,300
Peabody Energy Corp.	3,400	166,634
Walter Energy, Inc.	6,200	503,998
		3,035,673
Oil & Gas Producers 10.92%		
Anadarko Petroleum Corp.[(b)]	31,207	1,780,359
BP PLC - Sponsored ADR	61,867	2,547,064
Canadian Natural Resources, Ltd.[(b)]	26,300	909,980
China Coal Energy Co., Ltd. - Class H	583,000	964,798
China Shenhua Energy Co., Ltd. - Class H	261,000	1,079,812
Hess Corp.	28,500	1,684,920
InterOil Corp.[(a)(b)]	36,656	2,508,737
Newfield Exploration Co.[(a)]	10,200	585,888
Noble Energy, Inc.	13,847	1,039,771
Occidental Petroleum Corp.	17,226	1,348,796
OGX Petroleo e Gas Participacoes S.A.[(a)]	210,500	2,739,486
Rosetta Resources, Inc.[(a)]	26,200	615,438
Suncor Energy, Inc.	26,282	855,479
		18,660,528
Oil & Gas Services 6.63%		
Calfrac Well Services, Ltd.	14,400	358,565
Cameron International Corp.[(a)(b)]	55,263	2,374,099
FMC Technologies, Inc.[(a)]	11,600	792,164

Halliburton Co.	28,500	942,495
National Oilwell Varco, Inc.[b]	53,093	2,361,046
Noble Corp.	27,600	932,604
Transocean, Ltd.[a]	49,800	3,201,642
Trican Well Service, Ltd.[b]	23,400	373,208
		11,335,823
TOTAL ENERGY		33,032,024
Financial 32.17%		
Banks 4.50%		

Stock-based compensation (Note 6)
1,156

1,354

Repurchase of Common Stock (Note 6)
(1,208
)

(9,996
)
Balance, end of period
1,328,037

1,334,014

Deficit

Balance, beginning of period
(401,204
)

(493,972
)
Net income
38,161

5,964

Cumulative adjustment for accounting change related to tax reorganizations
—

124,476

Balance, end of period
(363,043
)

(363,532
)

Total Shareholders' Equity
$
975,289

$
980,781

(See notes to the condensed consolidated financial statements)

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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 Delaware corporation (the “Company” or “Gran Tierra”), is a publicly traded company focused on oil and natural gas exploration and production in Colombia.

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, 2017, included in the Company’s 2017 Annual Report on Form 10-K, filed with the SEC on February 27, 2018.

The Company’s significant accounting policies are described in Note 2 of the consolidated financial statements which are included in the Company’s 2017 Annual Report on Form 10-K and are the same policies followed in these interim unaudited condensed consolidated financial statements, except as noted below. The Company has evaluated all subsequent events through to the date these interim unaudited condensed consolidated financial statements were issued.

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers

The Company adopted Accounting Standard Codification ("ASC") 606 Revenue from Contracts with Customers with a date of initial application of January 1, 2018 in accordance with the modified retrospective approach without using the practical expedients. Except for providing enhanced disclosures about the Company's revenue transactions, the application of ASC 606 did not have an impact on the Company’s consolidated financial position, results of operations or cash flows.

a) Significant Accounting Policy

The Company's revenue relates to oil and natural gas sales in Colombia. The Company recognizes revenue when it transfers control of the product to a customer. This generally occurs at the time the customer obtains legal title to the product and when it is physically transferred to the delivery point agreed with the customer. Payment terms are generally within three business days following delivery of an invoice to the customer. Revenue is recognized based on the consideration specified in contracts with customers. Revenue represents the Company's share and is recorded net of royalty payments to governments and other mineral interest owners.

The Company evaluates its arrangement with third parties and partners to determine if the Company acts as a principal or an agent. In making this evaluation, management considers if the Company obtains control of the product delivered, which is indicated by the Company having the primary responsibility for the delivery of the product, having ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in transaction, then the revenue is recognized on a net-basis, only reflecting the fee realized by the Company from the transaction.

Tariffs, tolls and fees charged to other entities for use of pipelines owned by the Company are evaluated by management to determine if these originate from contracts with customers or from incidental arrangements.

In the comparative period, revenue from the production of oil and natural gas was recognized when the customer took title and assumed the risks and rewards of ownership, prices were fixed or determinable, the sale was evidenced by a contract and collection of the revenue was reasonably assured.

b) Significant Judgments

When determining if the Company acted as a principal or as an agent in transactions, management determines if the Company obtains control of the product. As part of this assessment, management considers detailed criteria for revenue recognition set out in ASC 606.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2016-01 addressed certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 was effective for annual reporting periods and interim reporting periods within those annual reporting periods, beginning after December 15, 2017. The implementation of this update did not impact on the Company's consolidated financial position, results of operations or cash flows or disclosure.

In February 2018, the FASB issued ASU 2018-03, "Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2018-03 clarified certain aspects of the guidance in ASU 2016-01. ASU 2018-03 is effective for annual reporting periods beginning after December 15, 2017 and interim reporting periods within those annual reporting periods beginning after June 15, 2018. Early adoption is permitted upon adoption of ASU 2016-01.The amendments should be applied retrospectively with a cumulative-effect adjustment to the effective date of ASU 2016-01. The Company early adopted this update on January 1, 2018. The implementation of this update did not impact the Company's consolidated financial position, results of operations or cash flows or disclosure.

Recently Issued but Not Yet Adopted Accounting Pronouncements

Leases

In January 2018, the FASB issued ASU 2018-01, "Land Easement Practical Expedient for Transition to Topic 842". ASU 2018-01 provides an optional transition practical expedient that, if elected, would not require an organization to reconsider their accounting for existing or expired land easements that were not previously accounted for as leases under Topic 840. The effective date and transition requirements for the amendment is the same as the effective date and transition requirements in Update 2016-02. The Company is planning to adopt ASU 2018-01 upon transition to ASU 2016-01 "Leases".

The Company is finalizing an assessment of its contract inventory using certain practical expedients to determine which contracts meet the definition of a lease. The next steps will include classifying leases as either financing or operating, establishing interest rates and determining the value of right-of-use lease assets and lease liabilities. The Company expects to apply the guidance of ASU 2016-02 using a modified retrospective transition approach.

3. Segment and Geographic Reporting

The Company is primarily engaged in the exploration and production of oil and natural gas. Commencing 2018, the Company has one reportable segment based on geographic organization, Colombia. Prior to the sale of the Company's Brazil business unit effective June 30, 2017 and Peru business unit effective December 18, 2017, Brazil and Peru were reportable segments. The "All Other" category represents the Company's corporate activities, Mexico activities and Brazil and Peru activities until the date of sale.

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

	Three Months Ended June 30, 2018		
(Thousands of U.S. Dollars)	Colombia	All Other	Total
Oil and natural gas sales	$163,446	$—	$163,446
Depletion, depreciation and accretion	46,065	542	46,607
General and administrative expenses	7,213	6,000	13,213
Income (loss) before income taxes	51,029	(2,733)	48,296
Segment capital expenditures	83,757	637	84,394

	Three Months Ended June 30, 2017		
(Thousands of U.S. Dollars)	Colombia	All Other	Total
Oil and natural gas sales	$91,905	$4,223	$96,128
Depletion, depreciation and accretion	30,130	1,683	31,813
General and administrative expenses	5,229	4,284	9,513
Income (loss) before income taxes	21,598	(15,108)	6,490
Segment capital expenditures	55,436	2,429	57,865

	Six Months Ended June 30, 2018		
(Thousands of U.S. Dollars)	Colombia	All Other	Total
Oil and natural gas sales	$301,674	$—	$301,674
Depletion, depreciation and accretion	84,564	1,504	86,068
General and administrative expenses	14,022	10,351	24,373
Income (loss) before income taxes	112,180	(20,252)	91,928
Segment capital expenditures	156,318	770	157,088

	Six Months Ended June 30, 2017		
(Thousands of U.S. Dollars)	Colombia	All Other	Total
Oil and natural gas sales	$182,369	$8,418	$190,787
Depletion, depreciation and accretion	55,065	3,624	58,689
General and administrative expenses	10,061	8,164	18,225
Income (loss) before income taxes	58,742	(20,685)	38,057
Segment capital expenditures	98,276	5,749	104,025

	As at June 30, 2018		
(Thousands of U.S. Dollars)	Colombia	All Other	Total
Property, plant and equipment	$1,176,540	$1,656	$1,178,196
Goodwill	102,581	—	102,581
All other assets	175,563	165,745	341,308
Total Assets	$1,454,684	$167,401	$1,622,085

As at December 31, 2017

(Thousands of U.S. Dollars)	Colombia	All Other	Total
Property, plant and equipment	$1,096,833	$2,391	$1,099,224
Goodwill	102,581	—	102,581
All other assets	176,980	50,834	227,814
Total Assets	$1,376,394	$53,225	$1,429,619

4. Property, Plant and Equipment

(Thousands of U.S. Dollars)	As at June 30, 2018	As at December 31, 2017
Oil and natural gas properties		
Proved	$3,014,725	$2,810,796
Unproved	423,808	464,948
	3,438,533	3,275,744
Other	19,086	26,401
	3,457,619	3,302,145
Accumulated depletion, depreciation and impairment	(2,279,423)	(2,202,921)
	$1,178,196	$1,099,224

The Company used an average Brent price of $62.58 per bbl for the purposes of the June 30, 2018 ceiling test calculations (March 31, 2018 - $56.92, December 31, 2017 - $54.19).

5. Debt and Debt Issuance Costs

The Company's debt at June 30, 2018 and December 31, 2017 was as follows:

(Thousands of U.S. Dollars)	As at June 30, 2018	As at December 31, 2017
Senior notes	$300,000	$—
Convertible notes	115,000	115,000
Revolving credit facility	—	148,000
Unamortized debt issuance costs	(16,870)	(6,458)
Long-term debt	$398,130	$256,542

Senior Notes

On February 15, 2018, Gran Tierra Energy International Holdings Ltd. ("GTEIH"), an indirect, wholly owned subsidiary of the Company, issued $300 million of 6.25% Senior Notes due 2025 (the "Senior Notes"). The Senior Notes are fully and unconditionally guaranteed by the Company and certain subsidiaries of the Company that guarantee its revolving credit facility. Net proceeds from the sale of the Senior Notes were $288.1 million, after deducting the initial purchasers' discounts and commission and the offering expenses payable by the Company.

The Senior Notes bear interest at a rate of 6.25% per year, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Senior Notes will mature on February 15, 2025, unless earlier redeemed or repurchased.

Before February 15, 2022, GTEIH may, at its option, redeem all or a portion of the Senior Notes at 100% of the principal amount plus accrued and unpaid interest and a make-whole premium. Thereafter, the Company may redeem all or a portion of the Senior Notes plus accrued and unpaid interest applicable to the date of the redemption at the following redemption prices: 2022 - 103.125%; 2023 - 101.563%; 2024 and thereafter - 100%.

Interest Expense

The following table presents total interest expense recognized in the accompanying interim unaudited condensed consolidated statements of operations:

(Thousands of U.S. Dollars)	Three Months Ended June 30, 2018	2017	Six Months Ended June 30, 2018	2017
Contractual interest and other financing expenses	$6,532	$2,711	$11,357	$5,201
Amortization of debt issuance costs	843	620	1,513	1,225
	$7,375	$3,331	$12,870	$6,426

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6. Share Capital

On May 1, 2018, Gran Tierra Exchangeco Inc., a subsidiary of the Company, announced that it had established a redemption date of July 5, 2018 in respect of all of its outstanding exchangeable shares. Effective July 5, 2018, all remaining outstanding exchangeable shares of record on July 4, 2018 were acquired for purchase consideration of one share of Gran Tierra common stock, and on July 9, 2018, the Company retired and canceled one share of Special A Voting Stock and one share of Special B Voting Stock, which held voting rights in connection with those exchangeable shares. As a result, no shares of Special A Voting Stock and Special B Voting Stock remain outstanding.

	Shares of Common Stock	Exchangeable Shares of Gran Tierra Exchangeco Inc.	Exchangeable Shares of Gran Tierra Goldstrike Inc.
Balance, December 31, 2017	385,191,042	4,422,776	1,688,889
Options exercised	319,462	—	—
Shares repurchased and canceled	(469,412)	—	—
Exchange of exchangeable shares	4,976,426	(3,287,537)	(1,688,889)
Balance, June 30, 2018	390,017,518	1,135,239	—

On March 7, 2018, the Company announced that it intended to implement a share repurchase program (the “2018 Program”) through the facilities of the Toronto Stock Exchange ("TSX") and eligible alternative trading platforms in Canada. Under the 2018 Program, the Company is able to purchase at prevailing market prices up to 19,269,732 shares of Common Stock, representing approximately 5.00% of the issued and outstanding shares of Common Stock as of March 8, 2018. Shares purchased pursuant to 2018 Program will be canceled. The 2018 Program will expire on March 11, 2019, or earlier if the 5.00% share maximum is reached.

Equity Compensation Awards

The following table provides information about performance stock units (“PSUs”), deferred share units (“DSUs”), restricted stock units (“RSUs”) and stock option activity for the six months ended June 30, 2018:

	PSUs	DSUs	RSUs	Stock Options	
	Number of Outstanding Share Units	Number of Outstanding Share Units	Number of Outstanding Share Units	Number of Outstanding Stock Options	Weighted Average Exercise Price/Stock Option ($)
Balance, December 31, 2017	6,131,951	455,768	122,090	8,960,692	3.65
Granted	3,544,001	131,888	—	1,996,526	2.51
Exercised	—	—	(120,268)	(319,462)	2.65
Forfeited	(213,160)	—	(1,822)	(491,475)	5.42
Expired	—	—	—	(171,854)	6.15
Balance, June 30, 2018	9,462,792	587,656	—	9,974,427	3.33

Stock-based compensation expense for the three and six months ended June 30, 2018, was $6.9 million and $10.2 million, respectively, and was primarily recorded in general and administrative ("G&A") expenses (three and six months ended June 30, 2017 - $2.0 million and $3.2 million, respectively).

At June 30, 2018, there was $23.0 million (December 31, 2017 - $13.7 million) of unrecognized compensation cost related to unvested PSUs and stock options which is expected to be recognized over a weighted average period of 1.8 years.

Net Income per Share

Basic net income per share is calculated by dividing net income 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 similarly calculated except that the common shares outstanding for the period is increased using the treasury stock method to reflect the potential dilution that

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could occur if outstanding stock awards were vested at the end of the applicable period plus potentially issuable shares on conversion of the convertible notes. Anti-dilutive shares represent potentially dilutive securities that are excluded from the computation of diluted income or loss per share as their impact would be anti-dilutive.

Weighted Average Shares Outstanding

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted average number of common and exchangeable shares outstanding	391,054,204	398,585,290	391,173,460	398,795,023
Shares issuable pursuant to stock options	4,894,633	—	2,420,509	625,631
Shares assumed to be purchased from proceeds of stock options	(4,308,138)	—	(2,166,348)	(604,563)
Shares issuable pursuant to convertible notes	35,814,393	—	35,814,393	—
Weighted average number of diluted common and exchangeable shares outstanding	427,455,092	398,585,290	427,242,014	398,816,091

For the three months ended June 30, 2018, 5,240,018 options, on a weighted average basis, (three months ended June 30, 2017 - 10,634,157 options) were excluded from the diluted income (loss) per share calculation as the options were anti-dilutive. For the six months ended June 30, 2018, 7,385,714 options, on a weighted average basis, (six months ended June 30, 2017 - 9,616,800 options) were excluded from the diluted income per share calculation as the options were anti-dilutive. Shares issuable upon conversion of the 5.00% Convertible Notes due 2021 ("Convertible Notes") were dilutive and included in the diluted income per share calculation. For the three and six months ended June 30, 2018, the numerator used in the computation of diluted earnings per share included net income for the period adjusted for interest on convertible debentures and amortization of debt issuance costs of $1.7 million and $3.4 million, respectively.

7. Revenue

Most of the Company's revenues are from oil sales at prices which reflect the blended prices received upon shipment by the purchaser at defined sales points or are defined by contract relative to ICE Brent and adjusted for Vasconia crude, quality and transportation discounts each month. For the three and six months ended June 30, 2018, 100% (three and six months ended June 30, 2017 - 100%) of the Company's revenue resulted from oil sales. During the three and six months ended June 30, 2018, quality and transportation discounts were 14% and 15%, respectively, of the ICE Brent price (three and six months ended June 30, 2017 - 21% and 22%, respectively). During the three and six months ended June 30, 2018, the Company's production was sold primarily to three major customers in Colombia (three and six months ended June 30, 2017 - four).

As at June 30, 2018, accounts receivable included $4.8 million of accrued sales revenue which related to June 2018 production (December 31, 2017 - $11.1 million which related to December 31, 2017 production).

8. Taxes

The Company's effective tax rate was 58% in the six months ended June 30, 2018, compared with 84% in the comparative period in 2017. Current income tax expense was higher in the six months ended June 30, 2018, compared with the corresponding period in 2017, primarily as a result of higher taxable income in Colombia. The deferred income tax expense of $36.7 million for the six months ended June 30, 2018, was primarily due to excess tax depreciation compared with accounting depreciation in Colombia.

For the six months ended June 30, 2018, the difference between the effective tax rate of 58% and the 21% U.S. statutory rate was primarily due to an increase to the impact of foreign taxes, valuation allowance, stock-based compensation, foreign currency translation and non-deductible third party royalty in Colombia.

For the comparative period in 2017, the effective tax rate differed from the U.S. statutory rate of 35% primarily due to an increase in the valuation allowance, which was largely attributable to losses incurred in the United States, Brazil and Colombia, as well as the impact of a non-deductible third-party royalty in Colombia, foreign and local taxes, and stock-based compensation. These items were partially offset by foreign currency translation adjustments and other permanent differences.

9. Contingencies

The Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) (“ANH") and Gran Tierra are engaged in ongoing discussions regarding the interpretation of whether certain transportation and related costs are eligible to be deducted in the calculation of an additional royalty (the "HPR royalty"). Based on the Company's understanding of the ANH's position, the estimated compensation which would be payable if the ANH’s interpretation is correct could be up to $52.8 million as at June 30, 2018. At this time no amount has been accrued in the interim unaudited condensed consolidated financial statements as Gran Tierra does not consider it probable that a loss will be incurred.

In addition to the above, the Company has a number of other lawsuits and claims pending. Although the outcome of these other lawsuits and disputes cannot be predicted with certainty, the Company 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 associated with these lawsuits and claims as they are incurred or become probable and determinable.

Letters of credit and other credit support

At June 30, 2018, the Company had provided letters of credit and other credit support totaling $69.8 million (December 31, 2017 - $76.0 million) as security relating to work commitment guarantees contained in exploration contracts and other capital or operating requirements.

10. Financial Instruments and Fair Value Measurement

Financial Instruments

At June 30, 2018, the Company’s financial instruments recognized in the balance sheet consisted of: cash and cash equivalents; restricted cash and cash equivalents; accounts receivable; investments; derivatives, accounts payable and accrued liabilities, long-term debt and equity compensation award liability.

Fair Value Measurement

The fair value of certain investments, derivatives and equity compensation awards (PSU and DSU) liabilities are remeasured at the estimated fair value at the end of each reporting period.

The fair value of the short-term portion of the Company's investment in PetroTal Corp. ("PetroTal") (formerly Sterling Resources Ltd.) was estimated using quoted prices at June 30, 2018 and the foreign exchange rate at that time. The fair value of the long-term portion of the investment restricted by escrow conditions was estimated using observable and unobservable inputs; factors that were evaluated included quoted market prices, precedent comparable transactions, risk-free rate, measures of market risk volatility, estimates of the Company's and PetroTal's costs of capital and quotes from third parties.

The fair value of commodity price and foreign currency derivatives is estimated based on various factors, including quoted market prices in active markets and quotes from third parties. The Company also performs an internal valuation to ensure the reasonableness of third party quotes. In consideration of counterparty credit risk, the Company assessed the possibility of whether the counterparty to the derivative would default by failing to make any contractually required payments. Additionally, the Company considers that it is of substantial credit quality and has the financial resources and willingness to meet its potential repayment obligations associated with the derivative transactions.

The fair value of the PSU liability was estimated based on option pricing model using inputs such as quoted market prices in an active market, and PSU performance factors. The fair value of the DSU liabilities was estimated based on quoted market prices in an active market.

The fair value of the Company's investment in PetroTal, derivatives and PSU and DSU liabilities at June 30, 2018, and December 31, 2017, was as follows:

(Thousands of U.S. Dollars)	As at June 30, 2018	As at December 31, 2017
Investment in PetroTal shares - current and long-term	$47,956	$ 44,202
Foreign currency derivative asset	930	302
	$48,886	$ 44,504
Commodity price derivative liability	$27,157	$ 21,151
Equity compensation award liability - current and long-term	21,077	11,430
	$48,234	$ 32,581

The following table presents gains or losses on financial instruments recognized in the accompanying interim unaudited condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2018	2017	2018	2017
Commodity price derivative loss (gain)	$14,461	$(1,545)	$19,455	$(6,247)
Foreign currency derivatives loss (gain)	1,945	98	(2,024)	(639)
Investment gain	(11,638)	—	(5,717)	—
Financial instruments loss (gain)	$4,768	$(1,447)	$11,714	$(6,886)

Investment gain for the three and six months ended June 30, 2018, related to the fair value gain on the PetroTal shares Gran Tierra received or subscribed for in connection with the sale of its Peru business unit in December 2017. For the three and six months ended June 30, 2018, this investment gain was unrealized.

Financial instruments not recorded at fair value include the Senior Notes and the Convertible Notes. At June 30, 2018, the carrying amounts of the Senior Notes and the Convertible Notes were $288.6 million and $111.5 million, respectively, which represented the aggregate principal amount less unamortized debt issuance costs, and the fair values were $282.0 million and $143.8 million, respectively. The fair value of long-term restricted cash and cash equivalents and the revolving credit facility approximated their carrying value because interest rates are variable and reflective of market rates. The fair values of other financial instruments approximate their carrying amounts due to the short-term maturity of these 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.

At June 30, 2018, the fair value of the current portion of the investment and DSU liability was determined using Level 1 inputs, the fair value of derivatives and PSUs was determined using Level 2 inputs and the fair value of the long-term portion of the investment restricted by escrow conditions was determined using Level 3 inputs. The table below presents the fair value of the long-term portion of the investment:

	Six Months	Year Ended

(Thousands of U.S. Dollars)	Ended June 30, 2018	December 31, 2017
Opening balance, investment - long-term	$19,147	$ —
Acquisition	—	19,091
Transfer from long-term (Level 3) to current (Level 1)	(4,787)	—
Unrealized valuation gain	2,528	56
Unrealized foreign exchange loss	(1,586)	—
Closing balance, investment - long-term	$15,302	$ 19,147

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The Company uses available market data and valuation methodologies to estimate the fair value of debt. The fair value of debt is the estimated amount the Company would have to pay a third party to assume the debt, including a credit spread for the difference between the issue rate and the period end market rate. The credit spread is the Company's default or repayment risk. The credit spread (premium or discount) is determined by comparing the Company's Senior Notes, Convertible Notes and revolving credit facility to new issuances (secured and unsecured) and secondary trades of similar size and credit statistics for both public and private debt. The disclosure above regarding the fair value of the Convertible Notes was determined using Level 2 inputs based on the indicative pricing published by certain third-party services or trading levels of the Convertible Notes, which are not listed on any securities exchange or quoted on an inter-dealer automated quotation system. The disclosure in the paragraph above regarding the fair value of cash and restricted cash and cash equivalents, revolving credit facility and Senior Notes was based on Level 1 inputs.

The Company's non-recurring fair value measurements include asset retirement obligations. The fair value of an asset retirement obligation is measured by reference to the expected future cash outflows required to satisfy the retirement obligation discounted at the Company's credit-adjusted risk-free interest rate. The significant level 3 inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit-adjusted risk-free interest rate, inflation rates and estimated dates of abandonment. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value, while the asset retirement cost is amortized over the estimated productive life of the related assets.

Commodity Price Derivatives

The Company utilizes commodity price derivatives to manage the variability in cash flows associated with the forecasted sale of its oil production, reduce commodity price risk and provide a base level of cash flow in order to assure it can execute at least a portion of its capital spending.

At June 30, 2018, the Company had outstanding commodity price derivative positions as follows:

Period and type of instrument	Volume, bopd	Reference	Sold Swap ($/bbl, Weighted Average)	Purchased Call ($/bbl, Weighted Average)
Swaps: July 1, to December 31, 2018	5,000	ICE Brent	$ 55.90	n/a
Participating Swaps: July 1, to December 31, 2018	5,000	ICE Brent	$ 52.50	$ 56.11

The Company does not have any outstanding commodity price derivative positions relating to 2019.

Foreign Currency Derivatives

The Company utilizes foreign currency derivatives to manage the variability in cash flows associated with the Company's forecasted Colombian peso ("COP") denominated expenses. At June 30, 2018, the Company had outstanding foreign currency derivative positions as follows:

Period and type of instrument	Amount Hedged (Millions of COP)	U.S. Dollar Equivalent of Amount Hedged (Thousands of U.S.	Reference	Purchased Call (COP)	Sold Put (COP, Weighted Average)

		Dollars)[1]			
Collars: July 1, 2018 to December 31, 2018	87,000	29,685	COP	3,000	3,107

[1] At June 30, 2018 foreign exchange rate.

11. Supplemental Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents with the Company's interim unaudited condensed consolidated balance sheet that sum to the total of the same such amounts shown in the interim unaudited condensed consolidated statements of cash flows:

(Thousands of U.S. Dollars)	As at June 30,		As at December 31,	
	2018	2017	2017	2016
Cash and cash equivalents	$125,807	$53,310	$12,326	$25,175
Restricted cash and cash equivalents - current	2,836	5,844	11,787	8,322
Restricted cash and cash equivalents - long-term (included in other long-term assets)	2,282	9,897	2,565	9,770
	$130,925	$69,051	$26,678	$43,267

Net changes in assets and liabilities from operating activities were as follows:

	Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2018	2017
Accounts receivable and other long-term assets	$(11,723)	$11,024
Derivatives	3,431	—
Inventory	(3,054)	(47)
Prepaids	(301)	2,190
Accounts payable and accrued and other long-term liabilities	971	(6,179)
Taxes receivable and payable	(27,318)	(35,100)
Net changes in assets and liabilities from operating activities	$(37,994)	$(28,112)

The following table provides additional supplemental cash flow disclosures:

	Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2018	2017
Non-cash investing activities:		
Net liabilities related to property, plant and equipment, end of period	$62,009	$56,044

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

The following discussion of our financial condition and results of operations should be read in conjunction with 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 2017 Annual Report on Form 10-K, filed with the SEC on February 27, 2018. Please see the cautionary language at the beginning of this Quarterly Report on Form 10-Q regarding the identification of and risks relating to forward-looking statements, as well as Part I, Item 1A “Risk Factors” in our 2017 Annual Report on Form 10-K.

Financial and Operational Highlights

Key Highlights for the second quarter of 2018[1]

- Achieved a new company milestone: record Colombia working interest production before royalties of 35,400 BOEPD, 18% higher compared with 30,098 BOEPD in the second quarter of 2017. Production increased largely because of production from development activities in the Acordionero Field.
- The quarter's Colombia production was also up 57% from second quarter 2015 when the strategy to refocus Gran Tierra on Colombia began, an annual growth rate of 16%
- Since acquiring the Acordionero field in the Middle Magdalena Valley ("MMV") in August 2016, we have increased production 274% to a record high average rate during the quarter of 17,710 bopd (14,076 bopd NAR). From the acquisition date of August 23, 2016, until June 30, 2018, the MMV assets have generated $327 million in oil and natural gas sales
- Production NAR was 28,198 BOEPD, 12% higher than the second quarter of 2017.
- Continued significant exposure to oil price strength with oil representing 100% of our production
- Oil and natural gas sales volumes were 27,902 BOEPD, 11% higher than the second quarter of 2017. The quarter's increase in oil and gas sales volumes was driven by the production increase (5,302 bopd) , partially offset by higher royalties (2,383 bopd) due to higher oil prices and a change in inventories (149 bopd).
- Net income was $20.3 million compared with net loss of $6.8 million in the second quarter of 2017. Net loss in the comparative period included the loss on sale of Brazil business unit.
- Funds flow from operations[2] increased by 86% to $94.5 million compared with the second quarter of 2017, while the Brent price increased only 47% from the second quarter of 2017.
- Active quarter with capital expenditures of $84.4 million. Funds flow from operations exceeded capital expenditures by $10.2 million.
- Oil and gas sales per BOE were $64.37, 60% higher than the second quarter of 2017.
- Operating netback[2] per BOE was $47.99, 85% higher compared with the second quarter of 2017.
- Operating expenses per BOE were $13.81, 21% higher compared with the second quarter of 2017 as a result of payments triggered by renegotiating our field operating agreements, power generation costs, equipment rental and accelerated maintenance costs, mainly in the Acordionero field, in the quarter.
- Quality and transportation discount was $10.53 per BOE compared with $10.74 per BOE in the second quarter of 2017; this $0.21 per BOE reduction resulted from optimization of transportation routes and narrowing of differentials
- Transportation expenses per BOE were $2.57, 7% lower compared with the second quarter of 2017. The decrease was due to the increased use of alternative transportation routes, which had lower costs per BOE.
- General and administrative ("G&A") expenses before stock-based compensation per BOE decreased by 18% to $2.60 per BOE compared with the second quarter of 2017.
- Exited the quarter with $125.8 million of cash and cash equivalents.

[1] Except for net income, funds flow from operations and G&A expenses, all numbers and comparisons above are based on Colombia only, excluding Brazil which was sold in 2017.

[2] Funds flow from operations and operating netback are non-GAAP measures which do not have any standardized meaning prescribed under GAAP. Refer to the non-GAAP measures disclosure below for a definition and reconciliation of these measures.

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(Thousands of U.S. Dollars, unless otherwise indicated)	Three Months Ended June 30,			Three Months Ended March 31,	Six Months Ended June 30,		
	2018	2017	% Change	2018	2018	2017	% Change
Average Daily Volumes (BOEPD)							
Consolidated							
Working Interest Production Before Royalties	35,400	31,437	13	35,075	35,239	30,663	15
Royalties	(7,202)	(5,014)	44	(6,886)	(7,045)	(5,051)	39
Production NAR	28,198	26,423	7	28,189	28,194	25,612	10
Increase in Inventory	(296)	(140)	111	(986)	(639)	(61)	948
Sales(1)	27,902	26,283	6	27,203	27,555	25,551	8
Colombia							
Working Interest Production Before Royalties	35,400	30,098	18	35,075	35,239	29,294	20
Royalties	(7,202)	(4,819)	49	(6,886)	(7,045)	(4,843)	45
Production NAR	28,198	25,279	12	28,189	28,194	24,451	15
Increase in Inventory	(296)	(147)	101	(986)	(639)	(70)	813
Sales(1)	27,902	25,132	11	27,203	27,555	24,381	13
Net Income (Loss)	$20,300	$(6,807)	398	$17,861	$38,161	$5,964	540
Operating Netback							
Oil and Natural Gas Sales	$163,446	$96,128	70	$138,228	$301,674	$190,787	58
Operating Expenses	(35,059)	(27,208)	29	(26,265)	(61,324)	(51,145)	20
Transportation Expenses	(6,522)	(6,492)	—	(6,997)	(13,519)	(13,434)	1
Operating Netback(2)	$121,865	$62,428	95	$104,966	$226,831	$126,208	80
G&A Expenses Before Stock-Based Compensation	$6,604	$7,610	(13)	$7,982	$14,586	$15,173	(4)
G&A Stock-Based Compensation	6,609	1,903	247	3,178	9,787	3,052	221
General and Administrative ("G&A") Expenses, Including Stock-Based Compensation	$13,213	$9,513	39	$11,160	$24,373	$18,225	34
EBITDA(2)	$102,278	$41,634	146	$88,588	$190,866	$103,172	85
Funds Flow From Operations(2)	$94,549	$50,920	86	$74,748	$169,297	$95,946	76
Capital Expenditures	$84,394	$57,865	46	$72,694	$157,088	$104,025	51

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(Thousands of U.S. Dollars)	As at June 30, 2018	December 31, 2017	% Change
Cash and Cash Equivalents	$125,807	$ 12,326	921
Revolving Credit Facility	$—	$ 148,000	(100)
Senior Notes	$300,000	$ —	—
Convertible Notes	$115,000	$ 115,000	—

(1) Sales volumes represent production NAR adjusted for inventory changes.

(2) Non-GAAP measures

Operating netback, EBITDA and funds flow from operations are non-GAAP measures which do not have any standardized meaning prescribed under GAAP. Management views these measures as financial performance measures. Investors are cautioned that these measures should not be construed as alternatives to net income or loss or other measures of financial performance as determined in accordance with GAAP. Our method of calculating these measures may differ from other companies and, accordingly, may not be comparable to similar measures used by other companies. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure.

Operating netback, as presented, is defined as oil and natural gas sales less operating and transportation expenses. Management believes that operating netback is a useful supplemental measure for management and investors to analyze financial performance and provides an indication of the results generated by our principal business activities prior to the consideration of other income and expenses. A reconciliation from oil and natural gas sales to operating netback is provided in the table above.

EBITDA, as presented, is defined as net income or loss adjusted for depletion, depreciation and accretion ("DD&A") expenses, interest expense and income tax expense. Management uses this supplemental measure to analyze performance and income or loss generated by our principal business activities prior to the consideration of how non-cash items affect that income or loss, and believes that this financial measure is useful supplemental information for investors to analyze our performance and our financial results. A reconciliation from net loss to EBITDA is as follows:

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2018	2017	2018	2018	2017
Net income (loss)	$20,300	$(6,807)	$17,861	$38,161	$5,964
Adjustments to reconcile net income (loss) to EBITDA					
DD&A expenses	46,607	31,813	39,461	86,068	58,689
Interest expense	7,375	3,331	5,495	12,870	6,426
Income tax expense	27,996	13,297	25,771	53,767	32,093
EBITDA (non-GAAP)	102,278	41,634	88,588	190,866	103,172

Funds flow from operations, as presented, is defined as net income or loss adjusted for DD&A expenses, deferred tax expense, stock-based compensation expense, amortization of debt issuance costs, cash settlement of RSUs, unrealized foreign exchange gains and losses, financial instruments gains or losses, cash settlement of financial instruments and loss on sale. Management uses this financial measure to analyze performance and income or loss generated by our principal business activities prior to the consideration of how non-cash items affect that income or loss, and believes that this financial measure is also useful supplemental information for investors to analyze performance and our financial results. A reconciliation from net income or loss to funds flow from operations is as follows:

(Thousands of U.S. Dollars)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Three Months Ended March 31, 2018	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss)	$20,300	$(6,807)	$17,861	38,161	$5,964
Adjustments to reconcile net income (loss) to funds flow from operations					
DD&A expenses	46,607	31,813	39,461	86,068	58,689
Deferred tax expense	23,169	11,525	13,482	36,651	22,904
Stock-based compensation expense	6,893	1,980	3,309	10,202	3,183
Amortization of debt issuance costs	843	620	670	1,513	1,225
Cash settlement of RSUs	(240)	(183)	(120)	(360)	(501)
Unrealized foreign exchange loss (gain)	1,583	3,895	(1,044)	539	1,076
Financial instruments loss (gain)	4,768	(1,447)	6,946	11,714	(6,886)
Cash settlement of financial instruments	(9,666)	448	(5,817)	(15,483)	1,216
Loss on sale	292	9,076	—	292	9,076
Funds flow from operations (non-GAAP)	$94,549	$50,920	$74,748	$169,297	$95,946

Additional Operational Results

	Three Months Ended June 30,			Three Months Ended March 31,	Six Months Ended June 30,		
	2018	2017	% Change	2018	2018	2017	% Change
(Thousands of U.S. Dollars)							
Oil and natural gas sales	$163,446	$96,128	70	$138,228	$301,674	$190,787	58
Operating expenses	35,059	27,208	29	26,265	61,324	51,145	20
Transportation expenses	6,522	6,492	—	6,997	13,519	13,434	1
Operating netback[(1)]	121,865	62,428	95	104,966	226,831	126,208	80
DD&A expenses	46,607	31,813	47	39,461	86,068	58,689	47
G&A expenses before stock-based compensation	6,604	7,610	(13)	7,982	14,586	15,173	(4)
G&A stock-based compensation expense	6,609	1,903	247	3,178	9,787	3,052	221
Equity tax	—	—	—	—	—	1,224	(100)
Foreign exchange loss (gain)	1,924	3,897	(51)	(942)	982	2,050	(52)
Financial instruments loss (gain)	4,768	(1,447)	430	6,946	11,714	(6,886)	270
Interest expense	7,375	3,331	121	5,495	12,870	6,426	100
	73,887	47,107	57	62,120	136,007	79,728	71
Loss on sale	(292)	(9,076)	(97)	—	(292)	(9,076)	(97)
Interest income	610	245	149	786	1,396	653	114
Income before income taxes	48,296	6,490	644	43,632	91,928	38,057	142

Current income tax expense	4,827	1,772	172	12,289	17,116	9,189	86
Deferred income tax expense	23,169	11,525	101	13,482	36,651	22,904	60
	27,996	13,297	111	25,771	53,767	32,093	68
Net income (loss)	$20,300	$(6,807)	398	$17,861	$38,161	$5,964	540

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Sales Volumes (NAR)							
Total sales volumes, BOEPD	27,902	26,283	6	27,203	27,555	25,551	8
Average Prices							
Oil and NGL's per bbl	$64.50	$40.44	59	$56.63	$60.64	$41.65	46
Natural gas per Mcf	$2.26	$2.52	(10)	$2.91	$2.67	$1.91	40
Brent Price per bbl	$74.90	$50.92	47	$67.18	$71.04	$52.79	35
Consolidated Results of Operations per BOE Sales Volumes NAR							
Oil and natural gas sales	$64.37	$40.19	60	$56.46	$60.49	$41.25	47
Operating expenses	13.81	11.38	21	10.73	12.30	11.06	11
Transportation expenses	2.57	2.71	(5)	2.86	2.71	2.90	(7)
Operating netback[(1)]	47.99	26.10	84	42.87	45.48	27.29	67
DD&A expenses	18.36	13.30	38	16.12	17.26	12.69	36
G&A expenses before stock-based compensation	2.60	3.18	(18)	3.26	2.92	3.28	(11)
G&A stock-based compensation expense	2.60	0.80	225	1.30	1.96	0.66	197
Equity tax	—	—	—	—	—	0.26	(100)
Foreign exchange loss (gain)	0.76	1.63	(53)	(0.38)	0.20	0.44	(55)
Financial instruments loss (gain)	1.88	(0.60)	413	2.84	2.35	(1.49)	258
Interest expense	2.90	1.39	109	2.24	2.58	1.39	86
	29.10	19.70	48	25.38	27.27	17.23	58
Loss on sale	(0.12)	(3.79)	(97)	—	(0.06)	(1.96)	(97)
Interest income	0.24	0.10	140	0.32	0.28	0.14	100
Income before income taxes	19.01	2.71	601	17.81	18.43	8.24	124
Current income tax expense	1.90	0.74	157	5.02	3.43	1.99	72
Deferred income tax expense	9.12	4.82	89	5.51	7.35	4.95	48
	11.02	5.56	98	10.53	10.78	6.94	55
Net income (loss)	$7.99	$(2.85)	380	$7.28	$7.65	$1.30	488

(1) Operating netback is a non-GAAP measure which does not have any standardized meaning prescribed under GAAP. Refer to "Financial and Operational Highlights—non-GAAP measures" for a definition and reconciliation of this measure.

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Oil and Gas Production and Sales Volumes, BOEPD

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017		
Average Daily Volumes (BOEPD)	Total	Colombia	Brazil	Total
Working Interest Production Before Royalties	35,400	30,098	1,339	31,437
Royalties	(7,202)	(4,819)	(195)	(5,014)
Production NAR	28,198	25,279	1,144	26,423
(Increase) Decrease in Inventory	(296)	(147)	7	(140)
Sales	27,902	25,132	1,151	26,283
Royalties, % of Working Interest Production Before Royalties	20 %	16 %	15 %	16 %

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017		
Average Daily Volumes (BOEPD)	Total	Colombia	Brazil	Total
Working Interest Production Before Royalties	35,239	29,294	1,369	30,663
Royalties	(7,045)	(4,843)	(208)	(5,051)
Production NAR	28,194	24,451	1,161	25,612
(Increase) Decrease in Inventory	(639)	(70)	9	(61)
Sales	27,555	24,381	1,170	25,551
Royalties, % of Working Interest Production Before Royalties	20 %	17 %	15 %	16 %

Oil and gas production NAR for the three and six months ended June 30, 2018 increased by 7% to 28,198 and by 10% to 28,194 BOEPD compared with 26,423 and 25,612 BOEPD, respectively, in the corresponding periods of 2017.

Colombian oil and gas production NAR for the three and six months ended June 30, 2018 increased by 12% and 15%, respectively, compared with the corresponding periods of 2017. The increase in production was a result of successful drilling and a workover campaign in the Acordionero and Costayaco Fields and the Vonu-1 exploration well. Working interest production before royalties from the Acordionero Field averaged 17,710 bopd before royalties (14,076 bopd NAR) during the three months ended June 30, 2018 compared with 8,362 bopd in the corresponding period of 2017, a 112% increase. Acordionero Field production increased 959 bopd before royalties from the three months ended March 31, 2018. During the second quarter of 2018, four wells were brought on production. Production was negatively impacted by two Electronic Submersible Pumps ("ESPs") failures in Acordionero and one ESP failure in Costayaco.

Royalties as a percentage of production for the three and six months ended June 30, 2018 increased compared with the corresponding periods of 2017 commensurate with the increase in oil prices due to price sensitive royalties payable in Colombia, higher API in the Acordionero Field and this field reaching the threshold for the High Price Royalties.

Operating Netbacks

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017		
(Thousands of U.S. Dollars)	Total	Colombia	Brazil	Total
Oil and Natural Gas Sales	$163,446	$91,905	$4,223	$96,128
Transportation Expenses	(6,522)	(6,319)	(173)	(6,492)
	156,924	85,586	4,050	89,636
Operating Expenses	(35,059)	(26,192)	(1,016)	(27,208)
Operating Netback(1)	$121,865	$59,394	$3,034	$62,428
U.S. Dollars Per BOE Sales Volumes NAR				
Brent	$74.90	$50.92	$50.92	$50.92
Vasconia, Quality and Transportation Discounts	(10.53)	(10.74)	(10.62)	(10.73)
Average Realized Price	64.37	40.18	40.30	40.19
Transportation Expenses	(2.57)	(2.76)	(1.65)	(2.71)
Average Realized Price Net of Transportation Expenses	61.80	37.42	38.65	37.48
Operating Expenses	(13.81)	(11.45)	(9.69)	(11.38)
Operating Netback(1)	$47.99	$25.97	$28.96	$26.10

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017		
(Thousands of U.S. Dollars)	Total	Colombia	Brazil	Total
Oil and Natural Gas Sales	$301,674	$182,369	$8,418	$190,787
Transportation Expenses	(13,519)	(13,084)	(350)	(13,434)
	288,155	169,285	8,068	177,353
Operating Expenses	(61,324)	(49,348)	(1,797)	(51,145)
Operating Netback(1)	$226,831	$119,937	$6,271	$126,208
U.S. Dollars Per BOE Sales Volumes NAR				
Brent	$71.04	$52.79	$52.79	$52.79
Vasconia, Quality and Transportation Discounts	(10.55)	(11.46)	(13.03)	(11.54)
Average Realized Price	60.49	41.33	39.76	41.25
Transportation Expenses	(2.71)	(2.96)	(1.65)	(2.90)
Average Realized Price Net of Transportation Expenses	57.78	38.37	38.11	38.35
Operating Expenses	(12.30)	(11.18)	(8.49)	(11.06)
Operating Netback(1)	$45.48	$27.19	$29.62	$27.29

(1) Operating netback is a non-GAAP measure which does not have any standardized meaning prescribed under GAAP. Refer to "Financial and Operational Highlights—non-GAAP measures" for a definition and reconciliation of this measure.

Oil and gas sales for the three and six months ended June 30, 2018 increased by 70% to $163.4 million and 58% to $301.7 million, respectively, compared with the corresponding periods of 2017. Compared with the prior quarter, oil and gas sales increased by 18%. The increases were due to increased sales volumes and realized oil prices. The following table shows the effect of changes in realized prices and sales volumes on our oil and gas sales for the three and six months ended June 30, 2018 compared with the prior quarter and the corresponding periods in 2017:

	Second Quarter 2018 Compared with First Quarter 2018	Second Quarter 2018 Compared with Second Quarter 2017	Six Months Ended, June 30, 2018 Compared with Six Months Ended June 30, 2017
Oil and natural gas sales for the comparative period	$ 138,228	$ 96,128	$ 190,787
Realized sales price increase effect	20,096	61,401	95,920
Sales volume increase effect	5,122	5,917	14,967
Oil and natural gas sales for period ended June 30, 2018	$ 163,446	$ 163,446	$ 301,674

Average realized prices for the three and six months ended June 30, 2018 increased by 60% and 47%, respectively, compared with the corresponding periods of 2017. Compared with the prior quarter, average realized prices increased by 14%. The increases were commensurate with increases in benchmark oil prices and lower quality and transportation discounts. Average Brent oil prices for the three and six months ended June 30, 2018 increased by 47% and 35%, respectively, compared with the corresponding periods of 2017 and increased by 11% compared with the prior quarter.

We have options to sell our oil through multiple pipelines and trucking routes. Each transportation route has varying effects on realized sales prices and transportation expenses. We focus on maximizing operating netback. The following table shows the percentage of oil volumes we sold in Colombia using each transportation method for the three and six months ended June 30, 2018 and 2017 and the prior quarter:

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2018	2017	2018	2018	2017
Volume transported through pipeline	9 %	20 %	9 %	9 %	22 %
Volume sold at wellhead	41 %	52 %	52 %	42 %	52 %
Volume not sold at wellhead, trucking	50 %	28 %	39 %	49 %	26 %
	100 %	100 %	100 %	100 %	100 %

Volumes transported not sold at the wellhead receive higher realized prices, but incur higher transportation expenses. Volumes sold at the wellhead have the opposite effect of lower realized prices, offset by lower transportation expenses.

Total Company transportation expenses for the three and six months ended June 30, 2018 of $6.5 million and $13.5 million, respectively, were comparable with the corresponding periods of 2017. On a per BOE basis, transportation expenses for the three and six months ended June 30, 2018 decreased by 5% to $2.57, and by 7% to $2.71, from $2.71 and $2.90, respectively, compared with the corresponding periods of 2017. The decrease was primarily due to the use of alternative transportation routes, which had lower costs per BOE.

Colombian transportation expenses for the three and six months ended June 30, 2018 on a per BOE basis decreased by 7% and 8% to $2.57 and $2.71 per BOE, from $2.76 and $2.96, respectively in the corresponding periods of 2017. The decrease in Colombian transportation expenses per BOE was due to renegotiation of certain sales contracts, which had lower transportation costs compared to contracts used in 2017.

Transportation expenses for the three months ended June 30, 2018 decreased 7% compared with $7.0 million in the prior quarter. On a per BOE basis, transportation expenses decreased by 10% to $2.57 from $2.86 in the prior quarter. The decrease was primarily due to the use of alternative transportation routes, which had lower costs per BOE.

In addition to lower transportation expenses, we also achieved decreases in quality and transportation discounts. The following table shows the variance in our average realized prices net of transportation expenses in Colombia for the three and six months ended June 30, 2018 compared with the prior quarter and the corresponding periods in 2017:

U.S. Dollars Per BOE Sales Volumes NAR	Second Quarter 2018 Compared with First Quarter 2018	Second Quarter 2018 Compared with Second Quarter 2017	Six Months Ended, June 30, 2018 Compared with Six Months Ended June 30, 2017
Average realized price net of transportation expenses for the comparative period	$ 53.60	$ 37.42	$ 38.37
Increase in benchmark prices	7.72	$ 23.98	18.25
Decrease in quality and transportation discounts	0.19	0.21	0.91
Decrease in transportation expenses	0.29	0.19	0.25
Average realized price net of transportation expenses for the period ended June 30, 2018	$ 61.80	$ 61.80	$ 57.78

Total Company operating expenses for the three and six months ended June 30, 2018 increased by 29% to $35.1 million, and by 20% to $61.3 million, respectively, compared with total Company operating expenses in the corresponding periods of 2017.

Colombian operating expenses for the three and six months ended June 30, 2018 on a per BOE basis increased by $2.36 and $1.12, respectively, compared with the corresponding periods of 2017. Workover expenses increased by $0.11 and decreased by $0.27, respectively, over the same periods. Excluding workover expenses, Colombia operating expenses increased by $2.25 and $1.39, respectively, primarily as a result of payments triggered by renegotiating our field operating agreements, power generation costs, equipment rental and accelerated maintenance costs mainly in the Acordionero field during the second quarter of 2018.

Operating expenses for the three months ended June 30, 2018 increased by 33% compared with the prior quarter. On a per BOE basis, operating expenses increased by $3.08. Workover expenses increased by $1.45. Excluding workover expenses, operating expenses increased by $1.63 compared with the prior quarter as a result of higher operating activities during the second quarter of 2018 mentioned in the paragraph above.

DD&A Expenses

	Three Months Ended June 30, 2018		Three Months Ended June 30, 2017	
	DD&A expenses, thousands of U.S. Dollars	DD&A expenses, U.S. Dollars Per BOE	DD&A expenses, thousands of U.S. Dollars	DD&A expenses, U.S. Dollars Per BOE
Colombia	$46,065	$ 18.14	$30,130	$ 13.17
Brazil	—	—	1,050	10.02
Peru	—	—	412	—
Corporate	542	—	221	—
	$46,607	$ 18.36	$31,813	$ 13.30

	Six Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	DD&A expenses, thousands of U.S. Dollars	DD&A expenses, U.S. Dollars Per BOE	DD&A expenses, thousands of U.S. Dollars	DD&A expenses, U.S. Dollars Per BOE
Colombia	$84,564	$ 16.96	$55,065	$ 12.48
Brazil	—	—	2,263	10.69
Peru	—	—	921	—
Corporate	1,504	—	440	—
	$86,068	$ 17.26	$58,689	$ 12.69

DD&A expenses for the three and six months ended June 30, 2018 increased to $46.6 million ($18.36 per BOE) and $86.1 million ($17.26 per BOE), respectively, from $31.8 million ($13.30 per BOE) and $58.7 million ($12.69 per BOE), respectively, in the corresponding periods in 2017. On a per BOE basis, the increase was due to higher costs in the depletable base, partially offset by increased proved reserves. On a per BOE basis, DD&A expenses increased by 14% from $16.12 per BOE in the prior quarter primarily due to higher costs in the depletable base.

G&A Expenses

	Three Months Ended June 30,			Three Months Ended March 31,	Six Months Ended June 30,		
(Thousands of U.S. Dollars)	2018	2017	% Change	2018	2018	2017	% Change
G&A Expenses Before Stock-Based Compensation	$6,604	$7,610	(13)	$7,982	$14,586	$15,173	(4)
G&A Stock-Based Compensation	6,609	1,903	247	3,178	9,787	3,052	221
G&A Expenses, Including Stock-Based Compensation	$13,213	$9,513	39	$11,160	$24,373	$18,225	34

U.S. Dollars Per BOE Sales Volumes NAR

G&A Expenses Before Stock-Based Compensation	$2.60	$3.18	(18)	$3.26	$2.92	$3.28	(11)
G&A Stock-Based Compensation	2.60	0.80	225	1.30	1.96	0.66	197
G&A Expenses, Including Stock-Based Compensation	$5.20	$3.98	31	$4.56	$4.88	$3.94	24

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For the three and six months ended June 30, 2018, G&A expenses before stock-based compensation decreased by 13% and 4%, respectively, from the corresponding periods of 2017. The decrease was primarily the result of higher overhead recoveries, partially offset by increase in Colombia and Corporate G&A expenses commensurate with our growth. On a per BOE basis, G&A expenses before stock-based compensation decreased 18% and 11%, respectively, from the corresponding periods of 2017.

After stock-based compensation, G&A expenses for the three and six months ended June 30, 2018 increased by 39% to $13.2 million and by 34% to $24.4 million, respectively, compared with the corresponding periods in 2017 mainly due to higher G&A Stock-Based Compensation resulting from a higher share price at June 30, 2018. G&A expenses for the three months ended June 30, 2018 increased by 18% compared with the prior quarter for the same reason.

Foreign Exchange Losses

For the three and six months ended June 30, 2018 we had foreign exchange losses of $1.9 million and $1.0 million, respectively, compared with $3.9 million and $2.1 million, respectively, in the corresponding periods of 2017. 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 was the main source of the foreign exchange gains and losses. Due to the long-term nature of deferred tax liabilities, the related foreign exchange losses are not expected to be realized in the near-term.

The following table presents the change in the U.S. dollar against the Colombian peso for the three and six months ended June 30, 2018, and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Change in the U.S. dollar against the Colombian peso	strengthened by 5%	strengthened by 6%	weakened by 2%	strengthened by 1%

Financial Instrument Gains and Losses

The following table presents the nature of our financial instruments gains and losses for the three and six months ended June 30, 2018, and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2018	2017	2018	2017
Commodity price derivative loss (gain)	$14,461	$(1,545)	$19,455	$(6,247)
Foreign currency derivatives loss (gain)	1,945	98	(2,024)	(639)
Investment gain	(11,638)	—	(5,717)	—
	$4,768	$(1,447)	$11,714	$(6,886)

Income Tax Expense and Recovery

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2018	2017	2018	2017
Income before income tax	$48,296	$6,490	$91,928	$38,057
Current income tax expense	$4,827	$1,772	$17,116	$9,189

Deferred income tax expense	23,169	11,525	36,651	22,904
Total income tax expense	$27,996	$13,297	$53,767	$32,093
Effective tax rate			58 %	84 %

Current income tax expense was higher in the three and six months ended June 30, 2018 compared with the corresponding periods of 2017 as a result of higher taxable income in Colombia. The deferred income tax expense for the three and six months ended

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June 30, 2018 of $23.2 million and $36.7 million, respectively, was primarily due to excess tax depreciation as compared with accounting depreciation in Colombia.

Current income tax expense decreased to $4.8 million compared with $12.3 million in the prior quarter primarily as a result of accelerated tax write-off related to current period drilling activities.

For the six months ended June 30, 2018, the difference between the effective tax rate of 58% and the 21% U.S. statutory rate was primarily due to an increase to the impact of foreign taxes, valuation allowance, stock-based compensation, foreign currency translation and non-deductible third party royalty in Colombia.

For the six months ended June 30, 2017, the difference between the effective tax rate of 84% and the 35% U.S. statutory rate was primarily due to an increase in the impact of foreign taxes, other permanent differences, valuation allowance largely attributable to losses incurred in the United States and Colombia, as well as the impact of a non-deductible third-party royalty in Colombia, stock-based compensation and other local taxes.

Net Income and Funds Flow from Operations (a Non-GAAP Measure)

(Thousands of U.S. Dollars)	Second Quarter 2018 Compared with First Quarter 2018	% change	Second Quarter 2018 Compared with Second Quarter 2017	% change	Six Months Ended, June 30, 2018 Compared with Six Months Ended June 30, 2017	% change
Net income (loss) for the comparative period	$ 17,861		$ (6,807)		$ 5,964	
Increase (decrease) due to:						
Prices	20,096		61,401		95,920	
Sales volumes	5,122		5,917		14,967	
Expenses:						
Operating	(8,794)		(7,851)		(10,179)	
Transportation	475		(30)		(85)	
Cash G&A and RSU settlements, excluding stock-based compensation expense	1,411		1,156		1,012	
Interest, net of amortization of debt issuance costs	(1,707)		(3,821)		(6,156)	
Realized foreign exchange	(240)		(338)		531	
Settlement of financial instruments	(3,849)		(10,114)		(16,699)	
Current taxes	7,462		(3,055)		(7,927)	
Equity tax	—		—		1,224	
Other	(175)		364		743	
Net change in funds flow from operations[1] from comparative period	19,801		43,629		73,351	
Expenses:						
Depletion, depreciation and accretion	(7,146)		(14,794)		(27,379)	
Deferred tax	(9,687)		(11,644)		(13,747)	
Amortization of debt issuance costs	(173)		(223)		(288)	
Stock-based compensation, net of RSU settlement	(3,464)		(4,856)		(7,160)	
Financial instruments gain or loss, net of financial instruments settlements	6,027		3,899		(1,901)	
Unrealized foreign exchange	(2,627)		2,312		537	
Loss on sale	(292)		8,784		8,784	
Net change in net income or loss	2,439		27,107		32,197	
Net income for the current period	$ 20,300	14 %	$ 20,300	398 %	$ 38,161	540 %

[1]Funds flow from operations is a non-GAAP measure which does not have any standardized meaning prescribed under GAAP. Refer to "Financial and Operational Highlights—non-GAAP measures" for a definition and reconciliation of this measure.

2018 Capital Program

Colombia remains our focus and represents 100% of the 2018 capital program. We have expanded the 2018 development capital program by an additional $15 to $30 million for;

- Ayombero appraisal drilling of 3 wells based on the success of the Ayombero-1 well;
- Costayaco development drilling in legacy reservoirs and 1 additional water injection well; and
- 2 Acordionero development wells accelerated from 2019 into fourth quarter 2018.

We expect the following ranges for our revised 2018 capital budget:

	Number of Wells (Gross)	Number of Wells (Net)	2018 Capital Budget ($ million)
Colombia			
Development	22-24	21-22	$130-135
Exploration	8-11	7-10	80-90
Facilities	—	—	75-80
Seismic and Studies	—	—	20
	30-35	28-32	$305-325

Based on the midpoint of the guidance, the capital budget is forecasted to be approximately 68% directed to development and 32% to exploration. Between 35% and 40% of the revised 2018 development capital program is expected to be directed to facilities, with approximately 75% of this investment expected to be dedicated to the acceleration of the ongoing facilities expansion at the Acordionero Field. We expect our revised 2018 capital program to be fully funded by cash flows from operations.

Capital expenditures during the three months ended June 30, 2018, were $84.4 million:

(Thousands of U.S. Dollars)	
Colombia:	
Exploration	$18,301
Development:	
Facilities	16,957
Drilling and Completions	41,696
Other	6,803
	83,757
Corporate	637
	$84,394

During the three months ended June 30, 2018, we drilled the following wells in Colombia:

	Number of wells (Gross)	Number of wells (Net)
Development	5	5.0
Exploration	1	0.5
Total Colombia	6	5.5

Five development wells were spud, consisting of two in the Midas Block (Acordionero-23-i and 24), two in the Chaza Block (Costayaco-33 and 35-i), and one in the Putumayo-7 Block (Cumplidor-2). Three of these wells are currently on production (Costayaco-33, 35-i and Cumplidor-2). Additionally, of the wells that were in-progress at March 31, 2018, three development wells (Acordionero-20, 22 and Costayaco-32) are currently producing. We also drilled the Tonga-1 exploration well in the Sinu-3 Block, which was plugged and abandoned as the well did not encounter commercial hydrocarbon quantities. This was a commitment exploration well.

We also continued facilities work at the Acordionero Field on the Midas Block and the Moqueta and Costayaco Fields on the Chaza Block.

During the three months ended June 30, 2018, we acquired additional working interests in Alea1848-A and 1947-C for total cash consideration of $3.1 million, which increased our position in these blocks to 100% and expanded our exploration opportunities in the Putumayo Basin. These acquisitions are subject to approval by the Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency).

Liquidity and Capital Resources

(Thousands of U.S. Dollars)	As at June 30, 2018	% Change	December 31, 2017
Cash and Cash Equivalents	$125,807	921	$ 12,326
Current Restricted Cash and Cash Equivalents	$2,836	(76)	$ 11,787
Revolving Credit Facility	$—	(100)	$ 148,000
Senior Notes	$300,000	—	$ —
Convertible Notes	$115,000	—	$ 115,000

We believe that our capital resources, including cash on hand, cash generated from operations and available capacity on our credit facility, will provide us with sufficient liquidity to meet our strategic objectives and planned capital program for 2018, given current oil price trends and production levels. In accordance with our investment policy, available cash balances are held in our primary cash management banks or may be invested in U.S. or Canadian government-backed federal, provincial or state securities or other money market instruments with high credit ratings and short-term liquidity. We believe that our current financial position provides us the flexibility to respond to both internal growth opportunities and those available through acquisitions.

At June 30, 2018, we had a revolving credit facility with a syndicate of lenders with a borrowing base of $300 million and we had zero drawn on this credit facility. Availability under the revolving credit facility is determined by the reserves-based borrowing base determined by the lenders. The next re-determination of the borrowing base is due to occur no later than November 2018.

At June 30, 2018, we had $115 million aggregate principal amount of 5.00% Convertible Senior Notes due 2021 (the "Convertible Notes") and $300 million aggregate principal amount of 6.25% Senior Notes due 2025 (the "Senior Notes") outstanding. The Convertible Notes bear interest at a rate of 5.00% per year, payable semi-annually in arrears on April 1 and October 1 of each year. The Convertible Notes will mature on April 1, 2021, unless earlier redeemed, repurchased or converted. The Convertible Notes are convertible to Common Stock at a conversion price of approximately $3.21 per share of Common Stock at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date. The Senior Notes bear interest at a rate of 6.25% per year, payable semi-annually in arrears on February 15 and August 15 of each year, beginning on August 15, 2018. The Senior Notes will mature on February 15, 2025, unless earlier redeemed or repurchased.

Under the terms of our credit facility and Senior Notes, we are required to maintain compliance with certain financial and operating covenants which include: limitations on our ratio of debt to net income plus interest, taxes, depreciation, depletion, amortization, exploration expenses and all non-cash charges minus all non-cash income ("EBITDAX") to a maximum of 4.0 to 1.0 (under the credit facility) and 3.5 to 1.0 (under the Senior Notes); the maintenance of a ratio of EBITDAX to interest expense of at least 2.5 to 1.0 (definitions of debt, EBITDAX and other relevant terms are per the credit agreement or the indenture governing the Senior Notes and may differ between these agreements). As at June 30, 2018, we were in compliance with all financial and operating covenants in these agreements. Under the terms of the credit facility and Senior Notes, we are also limited in our ability to make distributions to our shareholders.

Cash and Cash Equivalents Held Outside of Canada and the United States

At June 30, 2018, 100% of our cash and cash equivalents were held by subsidiaries and partnerships outside of Canada and the United States. This cash was generally not available to fund domestic or head office operations unless funds were repatriated. At this time, we do not intend to repatriate further funds other than to pay head office charges, but if we did, we might have to accrue and pay withholding taxes in certain jurisdictions on the distribution of accumulated earnings. Undistributed earnings of foreign subsidiaries are considered to be permanently reinvested and a determination of the amount of unrecognized deferred tax liability on these undistributed earnings is not practicable.

In Colombia, we participate in a special exchange regime, and we receive revenue in U.S. dollars offshore. We may also pay invoices denominated in U.S. dollars for our Colombian business from these U.S. dollars received offshore.

Derivative Positions

At June 30, 2018, we had outstanding commodity price derivative positions as follows:

Period and type of instrument	Volume, bopd	Reference	Sold Swap ($/bbl, Weighted Average)	Purchased Call ($/bbl, Weighted Average)
Swaps: July 1, to December 31, 2018	5,000	ICE Brent	$ 55.90	n/a
Participating Swaps: July 1, to December 31, 2018	5,000	ICE Brent	$ 52.50	$ 56.11

At June 30, 2018, current liabilities on our balance sheet included $27.2 million in relation to the above outstanding commodity price derivative positions.

At June 30, 2018, we had the following outstanding foreign currency derivative positions:

Period and type of instrument	Amount Hedged (Millions COP)	U.S. Dollar Equivalent of Amount Hedged (Thousands of U.S. Dollars)(1)	Reference	Purchased Call (COP)	Sold Put (COP, Weighted Average)
Collars: July 1, 2018 to December 31, 2018	87,000	29,685	COP	3,000	3,107

(1) At June 30, 2018 foreign exchange rate.

At June 30, 2018, current assets on our balance sheet included $0.9 million in relation to the above outstanding foreign currency derivative positions. We do not have any outstanding commodity price derivative positions relating to 2019.

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Cash Flows

The following table presents our primary sources and uses of cash and cash equivalents for the periods presented:

	Six Months Ended June 30, 2018			2017		
Sources of cash and cash equivalents:						
Net income	$	38,161		$	5,964	
Adjustments to reconcile net income to EBITDA[(1)] and funds flow from operations[(1)]						
DD&A expenses	86,068			58,689		
Interest expense	12,870			6,426		
Income tax expense	53,767			32,093		
EBITDA	190,866			103,172		
Current income tax expense	(17,116		)	(9,189		)
Stock-based compensation expense	10,202			3,183		
Contractual interest and other financing expenses	(11,357		)	(5,201		)
Cash settlement of RSUs	(360		)	(501		)
Unrealized foreign exchange loss	539			1,076		
Financial instruments loss (gain)	11,714			(6,886		)
Cash settlement of financial instruments	(15,483		)	1,216		
Loss on sale	292			9,076		
Funds flow from operations	169,297			95,946		
Proceeds from bank debt, net of issuance costs	4,988			98,304		
Proceeds from issuance of Senior Notes, net of issuance costs	288,087			—		
Proceeds from issuance of shares	845			—		
Cash deposit received for letter of credit arrangements upon sale of Brazil business unit	—			4,700		
Deposit received for sale of Brazil business unit	—			34,481		
	463,217			233,431		

Uses of cash and cash equivalents:		
Additions to property, plant and equipment	(157,088)	(104,025)
Additions to property, plant and equipment - property acquisitions	(3,100)	(30,410)
Repayment of bank debt	(153,000)	(33,000)
Repurchase of shares of Common Stock	(1,208)	(10,000)
Net changes in assets and liabilities from operating activities	(37,994)	(28,112)
Changes in non-cash investing working capital	(6,142)	(627)
Settlement of asset retirement obligations	(369)	(298)
Foreign exchange loss on cash, cash equivalents and restricted cash and cash equivalents	(69)	(1,175)
	(358,970)	(207,647)
Net increase in cash and cash equivalents and restricted cash and cash equivalents	$ 104,247	$ 25,784

(1) EBITDA and funds flow from operations are a non-GAAP measures which do not have any standardized meaning prescribed under GAAP. Refer to “Financial and Operational Highlights - non-GAAP measures” for a definition and reconciliation of this measure.

One of the primary sources of variability in our cash flows from operating activities is the fluctuation in oil prices, the impact of which we partially mitigate by entering into commodity derivatives. Sales volume changes and costs related to operations and debt service also impact cash flow. Our cash flows from operating activities are also impacted by foreign currency exchange rate changes, the impact of which we partially mitigate by entering into foreign currency derivatives.

Off-Balance Sheet Arrangements

As at June 30, 2018, we had no off-balance sheet arrangements.

Contractual Obligations

During February 2018, we issued $300 million aggregate principal amount of the Senior Notes. Refer to Note 5 in the Notes to the Condensed Consolidated Financial Statements (Unaudited) in Part I, Item 1 of this Form 10-Q, incorporated herein by reference, for further information. During the six months ended June 30, 2018, we fully repaid the balance of $153 million outstanding under our revolving credit facility, which remained undrawn at June 30, 2018.

Except as noted above, as at June 30, 2018, there were no other material changes to our contractual obligations outside of the ordinary course of business from those as at December 31, 2017.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are disclosed in Item 7 of our 2017 Annual Report on Form 10-K, filed with the SEC on February 27, 2018, and have not changed materially since the filing of that document, other than as follows:

Revenue Recognition

We adopted ASC 606 Revenue from Contracts with Customers with a date of initial application of January 1, 2018 in accordance with the modified retrospective approach. Except for providing enhanced disclosures on our revenue transactions, the application of ASC 606 did not have an impact on our consolidated financial position, results of operations or cash flows.

We evaluate our arrangements with third parties and partners to determine if we act as a principal or an agent. In making this evaluation, management considers if we obtain control of the product delivered, which is indicated by us having the primary responsibility for the delivery of the product, having ability to establish prices or having inventory risk. If we act in the capacity of an agent rather than as a principal in transaction, then the revenue is recognized on a net-basis, only reflecting the fee realized by us from the transaction. When determining if we acted as a principal or as an agent in transactions, we determine if we obtain control of the product. As part of this assessment, management considered detailed criteria for revenue recognition set out in ASC 606.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity price risk

Our principal market risk relates to oil prices. Oil prices are volatile and unpredictable and influenced by concerns over world supply and demand imbalance and many other market factors outside of our control. Most of our revenues are from oil sales at prices which reflect the blended prices received upon shipment by the purchaser at defined sales points or are defined by contract relative to ICE Brent and adjusted for quality each month.

We have entered into commodity price derivative contracts to manage the variability in cash flows associated with the forecasted sale of our oil production, reduce commodity price risk and provide a base level of cash flow in order to assure we can execute at least a portion of our capital spending.

Foreign currency risk

Foreign currency risk is a factor for our company but is ameliorated to a certain degree by the nature of expenditures and revenues in the countries where we operate. Our reporting currency is U.S. dollars and 100% of our revenues are related to the U.S. dollar price of Brent or WTI oil. We receive 100% of our revenues in U.S. dollars and the majority of our capital expenditures are in U.S. dollars or are based on U.S. dollar prices. The majority of income and value added taxes and G&A expenses in Colombia are in local currency. Certain G&A expenses incurred at our head office in Canada are denominated in Canadian dollars. While we operate in South America exclusively, the majority of our acquisition expenditures have been valued and paid in U.S. dollars.

We have entered into foreign currency derivative contracts to manage the variability in cash flows associated with our forecasted Colombian peso denominated costs.

Additionally, foreign exchange gains and losses result primarily from the fluctuation of the U.S. dollar to the Colombian peso due to our current and deferred tax liabilities, which are monetary liabilities, denominated in the local currency of the Colombian foreign operations. As a result, a foreign exchange gain or loss must be calculated on conversion to the U.S. dollar functional currency.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. We are exposed to interest rate fluctuations on our revolving credit facility, which bears floating rates of interest. At June 30, 2018, our outstanding revolving credit facility was nil (December 31, 2017 - $148.0 million).

Further Information

See Note 10 in the Notes to the Condensed Consolidated Financial Statements (Unaudited) in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for further information regarding our derivative contracts, including the notional amounts and call and put prices by expected (contractual) maturity dates. Expected cash flows from the derivatives equaled the fair value of the contract. The information is presented in U.S. dollars because that is our reporting currency. We do not hold any of these derivative contracts for trading purposes.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or Exchange Act). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by Gran Tierra in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report, as required by Rule l3a-15(b) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that Gran Tierra's disclosure controls and procedures were effective as of June 30, 2018.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings

See Note 9 in the Notes to the Condensed Consolidated Financial Statements (Unaudited) in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for material developments with respect to matters previously reported in our Annual Report on Form 10-K for the year ended December 31, 2017, and any material matters that have arisen since the filing of such report.

Item 1A. Risk Factors

See Part I, Item 1A Risk Factors of our 2017 Annual Report on Form 10-K. The risks facing our company have not changed materially from those set forth in Part I, Item 1A Risk Factors of our 2017 Annual Report on Form 10-K.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

	(a) Total Number of Shares Purchased[1]	(b) Average Price Paid per Share [2]	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs [3]
April 1-30, 2018	—	—	—	18,804,820
May 1-31, 2018	4,500	2.98	4,500	18,800,320
June 1- 30, 2018	—	—	—	18,800,320
	4,500	2.98	4,500	18,800,320

(1) Based on settlement date.

(2) Exclusive of commissions paid to the broker to repurchase the Common Stock.

(3) On March 7, 2018, we announced that we intended to implement a share repurchase program (the "2018 Program") through the facilities of the TSX and eligible alternative trading platforms in Canada. We received regulatory approval from the TSX to commence the 2018 Program on March 12, 2018. We are able to purchase at prevailing market prices up to 19,269,732 shares of Common Stock, representing approximately 5% of our issued and outstanding shares of Common Stock as of March 8, 2018.

Shares purchased pursuant to the 2018 Program to date have been canceled. The 2018 Program will expire on March 11, 2019, or earlier if the 5.00% share maximum is reached. The 2018 Program could be terminated by us at any time, subject to compliance with regulatory requirements. As such, there can be no assurance regarding the total number of shares that may be repurchased under the 2018 Program.

Item 6. Exhibits

Exhibit No.	Description	Reference
2.1	Plan of Conversion, dated October 31, 2016.	Incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, filed with the SEC on November 4, 2016 (SEC File No. 001-34018).
3.1	Certificate of Incorporation.	Incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K, filed with the SEC on November 4, 2016 (SEC File No. 001-34018).
3.2	Bylaws of Gran Tierra Energy Inc.	Incorporated by reference to Exhibit 3.4 to the Current Report on Form 8-K, filed with the SEC on November 4, 2016 (SEC File No. 001-34018).
3.3	Certificate of Retirement dated July 9, 2018	Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC on July 9, 2018 (SEC File No. 001-34018).
4.1	Indenture related to the 5.00% Convertible Senior Notes due 2021, dated as of April 6, 2016, between Gran Tierra Energy Inc. and U.S. Bank National Association	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed with the SEC on April 6, 2016 (SEC File No. 001-34018).
4.2	Form of 5.00% Convertible Senior Notes due 2021	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed with the SEC on April 6, 2016 (SEC File No. 001-34018).
4.3	Subscription Receipt Agreement, dated July 8, 2016, by and between Gran Tierra Energy Inc. and Computershare Trust Company of Canada.	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed with the SEC on July 14, 2016 (SEC File No. 001-34018).
4.4	Form of Registration Rights Agreement.	Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, filed with the SEC on July 14, 2016 (SEC File No. 001-34018).
4.5	Purchase Agreement, dated February 8, 2018, by and among Gran Tierra Energy International Holdings Ltd., Gran Tierra Energy Inc. and	Incorporated by reference to Exhibit 10.1 to the Current Report on Form

	the subsidiary guarantors named therein, and Credit Suisse Securities (USA) LLC and RBC Capital Markets, LLC, as Representatives of the several initial purchasers.	8-K filed with the SEC on February 9, 2018 (SEC File No. 001-34018).
4.6	Indenture related to the 6.25% Senior Notes due 2025, dated as of February 15, 2018, between Gran Tierra Energy International Holdings Ltd., the Guarantors named therein and U.S. Bank National Association	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on February 16, 2018 (SEC File No. 001-34018).
4.7	Form of 6.25% Senior Notes due 2025	Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on February 16, 2018 (SEC File No. 001-34018).
10.1	Tenth Amendment to Credit Agreement, dated as of May 25, 2018, by and among Gran Tierra Energy Inc., Gran Tierra Energy International Holdings Ltd., the Bank of Nova Scotia and the lenders party thereto	Filed herewith.
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith.

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

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

SIGNATURES

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

GRAN TIERRA ENERGY INC.

Date: August 2, 2018	/s/ Gary S. Guidry By: Gary S. Guidry President and Chief Executive Officer (Principal Executive Officer)
Date: August 2, 2018	/s/ Ryan Ellson By: Ryan Ellson Chief Financial Officer (Principal Financial and Accounting Officer)

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