

GRAN TIERRA ENERGY, INC.
Form PRER14A
October 10, 2008

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.
2)**

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

- x Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

GRAN TIERRA ENERGY INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- o No fee required.
 - o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
Common shares of Solana Resources Limited (*Common Shares*)

(2) Aggregate number of securities to which transaction applies:

126,426,792 Common Shares; 3,945,000 options to purchase Common Shares with an exercise price of less than US\$3.89 per share; and 7,500,000 warrants to purchase Common Shares with an exercise price of less than US\$1.89 per share (U.S. dollar amounts based on an exchange rate of CDN\$1.00 = US\$0.9428 (the *Exchange Rate*)).

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Calculated solely for purposes of determining the filing fee. The maximum aggregate value of the transaction was determined by adding: (A) 126,426,792 Common Shares multiplied by US\$3.87 per share (value of one Common Share, based on the high and low prices of the Common Shares on the TSX Venture Exchange on September 3, 2008, converted to U.S. dollars based on the Exchange Rate); (B) options to purchase 3,945,000 Common Shares multiplied by US\$2.09 (which is the difference between US\$3.87 and the weighted average exercise price of US\$1.78 per share, based on the Exchange Rate); and (C) warrants to purchase 7,500,000 Common Shares multiplied by US\$1.98 (which is the difference between US\$3.87 and the weighted average exercise price of US\$1.89 per share based on the Exchange Rate). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000393 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
\$512,366,735.

(5) Total fee paid:
\$20,136.

x Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

TABLE OF CONTENTS

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
OF GRAN TIERRA ENERGY INC.
to be held November 14, 2008**

and

**NOTICE OF SPECIAL MEETING OF
SECURITYHOLDERS
OF SOLANA RESOURCES LIMITED**

to be held November 14, 2008

and

**NOTICE OF PETITION TO THE COURT OF QUEEN S
BENCH OF ALBERTA**

and

**JOINT MANAGEMENT INFORMATION CIRCULAR AND
PROXY STATEMENT**

with respect to a

PLAN OF ARRANGEMENT

involving

**GRAN TIERRA ENERGY INC., GRAN TIERRA
EXCHANGE CO INC.,
SOLANA RESOURCES LIMITED and THE SOLANA
SECURITYHOLDERS**

October 10, 2008

TABLE OF CONTENTS

GRAN TIERRA ENERGY INC.

TABLE OF CONTENTS

	Page
<u>Notice of Petition</u>	i
<u>Exchange Rate of Canadian and U.S. Dollars</u>	iii
<u>Abbreviations & Conversions</u>	iv
<u>Joint Management Information Circular and Proxy Statement</u>	1
<u>Proxy Summary Information</u>	7
<u>Risk Factors</u>	23
<u>Cautionary Statement About Forward Looking Statements</u>	28
<u>Information About the Meetings and Voting</u>	30
<u>Description of the Arrangement</u>	38
<u>The Arrangement Agreement</u>	74
<u>Certain Information About the Combined Company</u>	84
<u>Certain Information About Gran Tierra</u>	100
<u>Certain Information About Solana</u>	126
<u>Comparison of Stockholder Rights</u>	147
<u>Information About Tax Considerations</u>	157
<u>Business of the Gran Tierra Special Meeting</u>	172
<u>Other Gran Tierra Matters</u>	186
<u>Solana General Proxy Matters</u>	187
<u>Certain Financial Information About the Combined Company</u>	189
<u>Certain Financial Information About Solana</u>	198
<u>Gran Tierra Documents Incorporated by Reference</u>	231

ANNEX A	Form of Arrangement Resolution
ANNEX B	Arrangement Agreement
ANNEX C	Interim Order of the Court
ANNEX D	Plan of Arrangement
ANNEX E	Provisions Attaching to the GTE Solana Exchangeable Shares
ANNEX F	Form of Support Agreement
ANNEX G	Form of Voting and Exchange Trust Agreement
ANNEX H	Opinion of Blackmont Capital Inc.
ANNEX I	Opinion of Tristone Capital Inc.
ANNEX J	Section 191 of the Alberta Business Corporations Act Respecting Dissenters Rights of Appraisal
ANNEX K	Text of amendment to Gran Tierra's articles of incorporation, as described in Gran Tierra's Proposal 2
ANNEX L	Text of amendment to Gran Tierra's articles of incorporation, as described in Gran Tierra's Proposal 3

UNLESS OTHERWISE INDICATED, ALL DOLLAR AMOUNTS IN THIS JOINT MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT ARE EXPRESSED IN U.S. DOLLARS.

TABLE OF CONTENTS

To Our Stockholders:

We invite you to participate in a special meeting of the stockholders of Gran Tierra Energy Inc., or **Gran Tierra**, to be held at Lougheed House, 707 13th Avenue S.W., Calgary, Alberta, Canada at 9:00 a.m., Mountain Time, on November 14, 2008.

On July 28, 2008, Gran Tierra and Solana Resources Limited, or **Solana**, entered into an agreement providing for the business combination of the two companies. The proposed transaction requires the approval of our stockholders to approve: (1) the issuance of the shares of Gran Tierra common stock to be issued in the transaction; and (2) an amendment to our articles of incorporation to create a new special voting share to enable the exchangeable shares to be issued in the proposed transaction to vote, as well as to make several technical changes, all as more fully described in the attached Joint Management Information Circular and Proxy Statement, which we refer to as the **Joint Proxy Statement**. At the special meeting, we will ask our stockholders to approve this issuance and amendment. In addition, we are also taking the opportunity to ask our stockholders to approve (a) an amendment to our articles of incorporation to increase the number of shares of our authorized common stock, (b) an amendment to our articles of incorporation to change the board voting requirement for issuance of common stock from unanimous to a simple board action, and (c) an increase in the number of shares authorized for issuance under our equity incentive plan. Neither of these latter three proposals are necessary for the completion of the combination of Gran Tierra and Solana; however, they will facilitate operating the combined company, and the proposals in (a) and (b) above will only be implemented if the combination of the two companies occurs.

Under the terms of the agreement with Solana, each Solana shareholder will receive, for each Solana common share held, either: (1) 0.9527918 of a share of Gran Tierra common stock; or (2) 0.9527918 of a common share of a Canadian subsidiary of Gran Tierra, or a **GTE Solana Exchangeable Share**. The GTE Solana Exchangeable Shares: (a) will have the same voting rights, dividend entitlements and other attributes as Gran Tierra common stock; (b) will be exchangeable, at each stockholder's option, on a one-for-one basis into Gran Tierra common stock; and (c) subject to compliance with the original listing requirements of the Toronto Stock Exchange, will be listed on the Toronto Stock Exchange. The GTE Solana Exchangeable Shares will automatically be exchanged for Gran Tierra common stock five years from closing, and in specified other events. The transaction will also result in Solana optionholders and Solana warrant holders receiving either Solana common shares pursuant to a cashless exercise of their options or warrants or cash payments, in both cases based on the above exchange ratio. In addition, Solana options held by an employee, officer, director or consultant continuing with the combined company may be exchanged for options to purchase shares of Gran Tierra common stock; and holders of Solana warrants may elect to continue to hold their warrants, which would then be exercisable into shares of Gran Tierra common stock pursuant to the terms of the warrants.

The transaction is structured to be completed as a statutory plan of arrangement pursuant to the *Business Corporations Act* (Alberta), or the **ABCA**. Upon completion of the transaction, Solana will become an indirect wholly-owned subsidiary of Gran Tierra. On a diluted basis, upon the closing of the plan of arrangement, former Solana securityholders will own approximately 49% of the combined company and the current Gran Tierra securityholders will own approximately 51% of the combined company. The proposed transaction is subject to regulatory, stock exchange, court and stockholder approvals.

The combined company will create a more substantial South American oil and gas exploration and production company with significant oil reserves, production and land positions in Colombia. Importantly, it will provide for the consolidation of a 100% working interest in the Costayaco field, a major light oil discovery made in Colombia in 2007 currently undergoing delineation and development. The increased efficiency of developing this field with a 100% working interest, with its growing reserves, production and cash flow, will

TABLE OF CONTENTS

drive the continued exploration and development of the combined entity's existing assets, and position the company for growth in the near term and continued new venture activities in the future. We expect the combined company to have a 2008 production exit rate of approximately 15,000 barrels of oil per day net after royalties. Following the transaction, Gran Tierra will have a working interest in 26 exploration and production licenses (24 operated by Gran Tierra), with a vast land base encompassing 7.1 million gross acres (6.2 million net acres) in three countries: Colombia, Peru and Argentina.

The board of directors of Gran Tierra has received an opinion from Blackmont Capital Inc. that, subject to the factors and assumptions set forth in the opinion, the exchange ratio of 0.9527918 GTE Solana Exchangeable Shares or shares of Gran Tierra common stock for each Solana common share is fair, from a financial point of view, to Gran Tierra.

The attached Joint Proxy Statement contains a description of this business combination, as well as information regarding Solana, Gran Tierra and Gran Tierra Exchangeco Inc. **Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.**

The board of directors of Gran Tierra unanimously recommends that stockholders vote in favor of all five proposals. Each company has scheduled a special stockholders meeting to be held on November 14, 2008. We invite you to attend our meeting, details of which are included in the enclosed Notice of Special Meeting and Joint Proxy Statement. Regardless of the number of shares you own or whether you plan to attend the meeting, it is important that your shares be represented and voted. Voting instructions are included.

On behalf of your management team and board of directors, I thank you for your support and urge you to vote For approval of each of (1) the issuance of the shares of Gran Tierra common stock in the transaction, (2) the amendment to our articles of incorporation to create the new share of special voting stock and make several technical changes, (3) the amendment to our articles of incorporation to increase the number of shares of our authorized common stock, (4) the amendment to our articles of incorporation to change the board voting requirement for the issuance of common stock, and (5) the amendment and restatement of our equity incentive plan to increase the number of shares that may be issued under the plan.

Sincerely,

/s/ Dana Coffield

Dana Coffield
President, Chief Executive Officer, and Director

Mailing Date: October 16, 2008

TABLE OF CONTENTS

Dear Shareholders, Optionholders and Warranholders:

You are being asked to attend a special meeting of the common shareholders, optionholders and warranholders, collectively, the *Solana Securityholders*, of Solana Resources Limited, or *Solana*, to be held at the Westin Calgary, 320 4th Avenue S.W., Calgary, Alberta, Canada at 8:00 a.m. (Mountain Time) on November 14, 2008. At the meeting you will be asked to consider a proposed arrangement, or the *Arrangement*, involving Solana, Gran Tierra Energy Inc., or *Gran Tierra*, Gran Tierra Exchangeco Inc., a Canadian subsidiary of Gran Tierra, or *Exchangeco*, and the Solana Securityholders.

On July 28, 2008, Solana agreed to combine with Gran Tierra. If the transaction is completed, the Arrangement will result in the holders of Solana common shares, the **Solana Shareholders**, receiving either (i) 0.9527918 of a share of common stock of Gran Tierra or (ii) 0.9527918 of a common share of Exchangeco, a **GTE Solana Exchangeable Share**, for each Solana common share held. The GTE Solana Exchangeable Shares: (i) will have the same voting rights, dividend entitlements and other attributes as Gran Tierra common stock; (ii) will be exchangeable, at each shareholder's option, on a one-for-one basis, into Gran Tierra common shares; and (iii) subject to compliance with the original listing requirements of the Toronto Stock Exchange, will be listed on the Toronto Stock Exchange. The GTE Solana Exchangeable Shares will automatically be exchanged for Gran Tierra common shares five years from closing, and in specified other events. The Arrangement will also result in Solana optionholders and Solana warrant holders receiving either Solana common shares pursuant to a cashless exercise of their options or warrants or cash payments, in both cases based on the above exchange ratio. In addition, Solana options held by an employee, officer, director or consultant continuing with the combined company may be exchanged for options to purchase shares of Gran Tierra common stock; and holders of Solana warrants may elect to continue to hold their warrants, which would then be exercisable into shares of common stock of Gran Tierra pursuant to the terms of the warrants.

The transaction is structured to be completed as a statutory plan of arrangement pursuant to the *Business Corporations Act* (Alberta), or the **ABCA**. Upon completion of the transaction, Solana will become an indirect, wholly-owned subsidiary of Gran Tierra. On a diluted basis, upon the closing of the plan of arrangement, former Solana Securityholders will own approximately 49% of the combined company and the current Gran Tierra security holders will own approximately 51% of the combined company. The proposed transaction is subject to regulatory, stock exchange, court and stockholder approvals.

The special resolution approving the Arrangement must be approved by at least 66 2/3% percent of the votes cast by Solana Securityholders as a single class, either in person or by proxy, at the special meeting. Gran Tierra stockholders will meet on the same day to consider the approval of, among other things, the issuance of Gran Tierra common stock in connection with the transaction.

The combined company will create a more substantial South American oil and gas exploration and production company with significant oil reserves, production and land positions in Colombia. Importantly, it will provide for the consolidation of a 100% working interest in the Costayaco field, a major light oil discovery made in Colombia in 2007 currently undergoing delineation and development. The increased efficiency of developing this field with a 100% working interest, with its growing reserves, production and cash flow, will drive the continued exploration and development of the combined entity's existing assets, and position the company for growth in the near term and continued new venture activities in the future. We expect the combined company to have a 2008 production exit rate of approximately 15,000 barrels of oil per day net after royalties. Following the transaction, the combined company will have a working interest in 26 exploration and production licenses (24 operated by the combined company) with a vast land base encompassing 7.1 million gross acres (6.2 million net acres) in three countries: Colombia, Peru and Argentina.

TABLE OF CONTENTS

Solana's board of directors has unanimously determined that the Arrangement is in the best interests of our company as well as the Solana Securityholders and recommends that you vote in favor of the Arrangement at the special meeting.

Solana's board of directors also received an opinion from Tristone Capital Inc. as of the date thereof that the consideration to be received by holders of Solana's common shares is fair, from a financial point of view, to such holders. Our management and directors, who own approximately 6.4% of Solana's outstanding common shares, and approximately 13.4% of Solana's outstanding common shares on a diluted basis, have entered into support agreements with Gran Tierra whereby they have agreed to vote in favor of the Arrangement at the special meeting.

The attached Joint Management Information Circular and Proxy Statement contains a description of the Arrangement, as well as information regarding Solana, Gran Tierra and Exchangeco. **Please give this material your careful**

consideration and, if you require assistance, consult your financial, tax or other professional advisors. Also enclosed is a letter of transmittal and election form to allow holders of Solana's common shares to receive shares of Gran Tierra common stock or GTE Solana Exchangeable Shares, as applicable. Please follow the instructions in the letter of transmittal. Letters of transmittal to allow Solana optionholders and warrant holders to make elections and receive the applicable cash payments or securities in respect of their Solana options and/or warrants will be delivered separately from the proxy materials.

It is important that your Solana securities be represented at the special meeting. Whether or not you are able to attend, we urge you to complete the enclosed form of proxy and return it in the envelope provided or by fax to the attention of Valiant Trust Company, Proxy Department at (403) 233-2857 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the special meeting.

On behalf of the directors of Solana, I would like to express our gratitude for the support that our shareholders have demonstrated with respect to our decision to combine with Gran Tierra.

Yours very truly,
/s/ J. Scott Price

J. Scott Price
President and Chief Executive Officer

TABLE OF CONTENTS

GRAN TIERRA ENERGY INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On November 14, 2008

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of **GRAN TIERRA ENERGY INC.**, a Nevada corporation. The meeting will be held on **November 14, 2008** at 9:00 a.m., Mountain Time, at Lougheed House, 707 13th Avenue S.W., Calgary, Alberta, Canada, for the following purposes:

1. To approve the issuance of shares of Gran Tierra common stock to be issued in connection with the acquisition of the outstanding securities of Solana Resources Limited;
2. To approve an amendment to Gran Tierra's articles of incorporation to create a new special voting share to enable the exchangeable shares to be issued in the proposed transaction with Solana Resources Limited to vote, as well as to make several technical changes;
3. To approve an amendment to Gran Tierra's articles of incorporation to increase the total authorized number of shares of common stock from 300,000,000 to 600,000,000;

4. To approve an amendment to Gran Tierra's articles of incorporation to change the board voting requirement for issuance of common stock from unanimous to a simple board action;
5. To approve Gran Tierra's 2007 Equity Incentive Plan, as amended and restated, to increase the number of shares available for issuance thereunder from 9,000,000 shares to 18,000,000 shares; and
6. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Joint Management Information Circular and Proxy Statement accompanying this Notice.

If the first proposal is not approved by Gran Tierra's stockholders, the proposals numbered 2, 3 and 5 above will not be implemented, notwithstanding that they may have been approved by Gran Tierra's stockholders.

The record date for the special meeting is September 15, 2008. Only stockholders of record at the close of business on that date may vote at the special meeting or any adjournment thereof.

By Order of the Board of Directors
/s/ Martin Eden

Martin Eden
Chief Financial Officer and Secretary

CALGARY, ALBERTA

October 10, 2008

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy, or vote over the Internet as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

TABLE OF CONTENTS

SOLANA RESOURCES LIMITED

NOTICE OF SPECIAL MEETING OF SOLANA SECURITYHOLDERS To Be Held On November 14, 2008

NOTICE IS HEREBY GIVEN that a special meeting (the *Solana Special Meeting*) of the holders of the common shares (*Solana Shares*), options and warrants (collectively, with the Solana Shares, the *Solana Securities*) of Solana Resources Limited (*Solana*) will be held at the Westin Calgary, 320 Avenue S.W., Calgary, Alberta, Canada, at

8:00 a.m. (Mountain Time) on November 14, 2008 for the following purpose:

- (a) to consider and, if thought advisable, to pass, with or without variation, a special resolution (the **Arrangement Resolution**), the full text of which is set forth in Annex A to the accompanying Joint Management Information Circular and Proxy Statement dated October 10, 2008 (the **Joint Proxy Statement**), to approve an arrangement (the **Arrangement**) involving Solana, Gran Tierra Energy Inc., Gran Tierra Exchangeco Inc. and the holders of the Solana Securities (**Solana Securityholders**), all as more particularly described in the Joint Proxy Statement; and
- (b) to transact such further and other business as may properly be brought before the Solana Special Meeting or any adjournment thereof.

Specific details of the matters to be put before the Solana Special Meeting are set forth in the Joint Proxy Statement.

The record date (the **Solana Record Date**) for determination of Solana Securityholders entitled to receive notice of and to vote at the Solana Special Meeting is September 25, 2008. Only Solana Securityholders whose names have been entered in the registers of the Solana Securityholders on the close of business on the Solana Record Date will be entitled to receive notice of and to vote at the Solana Special Meeting, provided that, to the extent a holder of Solana Shares transfers the ownership of any Solana Shares after the Solana Record Date and the transferee of those Solana Shares establishes ownership of such Solana Shares and demands, not later than 10 days before the Solana Special Meeting, to be included in the list of holders of Solana Shares eligible to vote at the Solana Special Meeting, such transferee will be entitled to vote those Solana Shares at the Solana Special Meeting.

A Solana Securityholder may attend the Solana Special Meeting in person or may be represented by proxy. Solana Securityholders who are unable to attend the Solana Special Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Solana Special Meeting or any adjournment thereof. To be effective, the form of proxy for Solana Securityholders must be received by Solana c/o Valiant Trust Company, 310, 606 4th Street SW, Calgary, Alberta, T2P 1T1 or by fax to the attention of the Proxy Department at (403) 233-2857 no later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Solana Special Meeting or any adjournment thereof. The time limit for the deposit of proxies may be waived by the chairman of the Solana Special Meeting in his discretion, without notice.

Registered holders of Solana Shares have the right to dissent (*Dissenting Shareholders*) with respect to the Arrangement Resolution and, if the Arrangement Resolution becomes effective, to be paid the fair value of their Solana Shares in accordance with the provisions of Section 191 of the Business Corporations Act (Alberta), (the *ABCA*), and the Interim Order (the *Interim Order*), a copy of which is attached as Annex C. A Solana Shareholder's right to dissent is more particularly described in the Joint Proxy Statement and the text of Section 191 of the ABCA as set forth in Annex J to the accompanying Joint Proxy Statement. A Dissenting Shareholder must send to Solana a written objection to the Arrangement Resolution, which written objection must be received by Solana, care of its counsel, Davis LLP, 1000, 250 2nd Street S.W., Calgary, Alberta, T2P 0C1, Attention: Kenneth P. Reh by 4:00 p.m. on the fifth Business Day immediately preceding the date of the Solana Special Meeting.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, may result in the loss of any right to dissent. Persons who are beneficial owners of Solana Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Solana Shares are entitled to dissent. Accordingly, a beneficial owner of

TABLE OF CONTENTS

Solana Shares desiring to exercise the right to dissent must make arrangements for the Solana Shares beneficially owned by such holder to be registered in the holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Solana or, alternatively, make arrangements for the registered holder of such Solana Shares to dissent on behalf of the holder.

Dated at the City of Calgary, in the Province of Alberta, this 10th day of October, 2008.

**BY ORDER OF THE BOARD OF
DIRECTORS OF SOLANA RESOURCES LIMITED**

/s/ Ray Antony
Ray Antony
Chairman

TABLE OF CONTENTS

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY
IN THE MATTER OF Section 193 of the
*Business Corporations Act, R.S.A. 2000, c. B-9, as
Amended***

**AND IN THE MATTER OF A PROPOSED
ARRANGEMENT
INVOLVING SOLANA RESOURCES LIMITED, GRAN
TIERRA
ENERGY INC., GRAN TIERRA EXCHANGE CO INC.,
AND THE
SECURITYHOLDERS OF SOLANA RESOURCES
LIMITED**

NOTICE OF PETITION

NOTICE IS HEREBY GIVEN that a petition (the *Petition*) has been filed with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the *Court*) on behalf of Solana Resources Limited (*Solana*) with respect to a proposed arrangement (the *Arrangement*) under section 193 of the ABCA, involving Solana, Gran Tierra, Gran Tierra Exchange Co Inc. (*Exchangeco*) and holders of common shares, options and warrants of Solana (*Solana Securityholders*) which Arrangement is described in greater detail in the Joint Management Information Circular and Proxy Statement of Solana and Gran Tierra dated October 10, 2008, accompanying this Notice of Petition. At the

hearing of the Petition, Solana intends to seek:

- (a) a declaration that the terms and conditions of the Arrangement are fair to the Solana Securityholders from a substantive and a procedural point of view;
- (b) an order approving the Arrangement pursuant to the provisions of section 193 of the ABCA;
- (c) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of Section 193 of the ABCA, become effective in accordance with its terms and will be binding on and after the Effective Date as defined in the Arrangement; and
- (d) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the said Petition was directed to be heard before a Justice of the Court of Queen's Bench of Alberta, 601 5th Street S.W., Calgary, Alberta, on the 14th day of November, 2008 at 10:00 a.m. (Calgary time), or as soon thereafter as counsel may be heard. **Any Solana Securityholder or any other interested party desiring to support or oppose the Petition, may appear at the time of hearing in person or by counsel for that purpose. Any Solana Securityholder or any other interested party desiring to appear at the hearing is required to file with the Court, and serve upon Solana on or before noon on November 12, 2008, a notice of intention to appear, including an address for service in the Province of Alberta together with any evidence or materials which are to be presented to the Court.** Service on Solana is to be effected by delivery to the solicitors for Solana, at the addresses below. If any Solana Securityholder or any other interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Petition will be given by Solana and that in the event the hearing of the Petition is adjourned only those persons who have appeared before the Court for the application at the hearing shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by order dated October 9, 2008, has given directions as to the calling of the meeting of Solana Securityholders for the purpose of such holders voting upon the resolution to approve the Arrangement.

AND NOTICE IS FURTHER GIVEN that a copy of the said Petition and other documents in the proceedings will be furnished to any Solana Securityholders or other interested party requesting the same by the undermentioned solicitors for Solana upon written request delivered to such solicitors as follows:

Davis LLP
1000, 250 1st Street S.W.
Calgary, Alberta T2P 0C1
Attention: Kenneth P. Reh

i

TABLE OF CONTENTS

DATED at the City of Calgary, in the Province of Alberta, this 10th day of October, 2008.

**BY ORDER OF THE BOARD OF
DIRECTORS OF SOLANA RESOURCES LIMITED**

/s/ J. Scott Price
J. Scott Price
President and Chief Executive Officer

ii

TABLE OF CONTENTS

EXCHANGE RATE OF CANADIAN AND U.S. DOLLARS

On October 9, 2008, the exchange rate for one Canadian dollar expressed in U.S. dollars based on the noon buying rate of the Federal Reserve Bank of New York was US\$ 0.8709.

For each period, the following table provides the high and low exchange rates for one Canadian dollar expressed in U.S. dollars, the average of these exchange rates on the last day of each month during the period, and the exchange rate at the end of the period, in each case based upon the inverse of the noon buying rate in New York City for cable transfers in Canadian dollars, as certified for customer purposes by the Federal Reserve Bank of New York:

	Six Month Period Ended June 30, 2008	Twelve Month Period Ended December 31,				
		2007	2006	2005	2004	2003
High	US\$1.0291	US\$1.0908	US\$0.9100	US\$0.8690	US\$0.8493	US\$0.7738
Low	0.9714	0.8437	0.8528	0.7872	0.7158	0.6384
Average	0.9950	0.9376	0.8844	0.8276	0.7702	0.7186
Period End	0.9818	1.0120	0.8582	0.8579	0.8310	0.7738

On October 9, 2008, the exchange rate for one U.S. dollar expressed in Canadian dollars based on the noon spot rate of the Bank of Canada was CDN\$ 1.1486.

For each period, the following table provides the high and low exchange rates for one U.S. dollar expressed in Canadian dollars, the average of these exchange rates on the last day of each month during such period, and the exchange rate at the end of such period, based upon the noon spot rate of the Bank of Canada:

	Six Month Period Ended June 30, 2008	Twelve Month Period Ended December 31,				
		2007	2006	2005	2004	2003
High	CDN\$1.0324	CDN\$1.1853	CDN\$1.1726	CDN\$1.2704	CDN\$1.3968	CDN\$1.5747
Low	0.9719	0.9170	1.0990	1.1507	1.1774	1.2924
Average	1.0054	1.0666	1.1308	1.2085	1.2980	1.3914
Period End	1.0186	0.9881	1.1653	1.1659	1.2036	1.2924

iii

TABLE OF CONTENTS

ABBREVIATIONS & CONVERSIONS

Abbreviations

Oil and Natural Gas Liquids

Bbl	barrel
Bbls	barrels
MBbls	thousand barrels
MMbbls	million barrels
Bbls/d	barrels per day
BOPD	barrels of oil per day

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day

Other

Boe	barrel of oil equivalent of natural gas and crude oil on the basis of 1 Boe for 6 Mcf of natural gas
Boe/d	barrel of oil equivalent per day
CDN\$	Canadian dollars
Col\$	Colombian pesos
MBoe	1,000 barrels of oil equivalent
WTI	West Texas Intermediate, the reference price paid in United States dollars at Cushing, Oklahoma for crude oil of standard grade
GAAP	Generally Accepted Accounting Principles

Conversions

To Convert from	To	Multiply by
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Barrel of Oil Equivalency

The term barrels of oil equivalent may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1 Bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

JOINT MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

with respect to a

PLAN OF ARRANGEMENT

involving

GRAN TIERRA ENERGY INC., GRAN TIERRA EXCHANGE CO INC., SOLANA RESOURCES LIMITED and THE SOLANA SECURITYHOLDERS

QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT

Questions and Answers for Gran Tierra Stockholders and Solana Shareholders, Warrantheolders and
Optionholders

Why am I receiving these materials?

You are receiving these materials because Gran Tierra Energy Inc., or *Gran Tierra*, and Solana Resources Limited, or *Solana*, want to combine their businesses, and you are either:

a stockholder of Gran Tierra, and the Gran Tierra board of directors, or the *Gran Tierra Board*, is soliciting your proxy to vote at a special meeting of the stockholders of Gran Tierra, or the *Gran Tierra Special Meeting*, relating to, among other things, this transaction, or

a shareholder, optionholder or warrantholder of Solana, and the Solana board of directors, or the *Solana Board*, is soliciting your proxy to vote at a special meeting of the securityholders of Solana, or the *Solana Special Meeting*, relating to this transaction.

Gran Tierra intends to mail this Joint Management Information Circular and Proxy Statement, or *Joint Proxy Statement*, and its accompanying proxy card on or about October 16, 2008 to all Gran Tierra stockholders of record entitled to vote at the Gran Tierra Special Meeting.

Solana intends to mail this Joint Proxy Statement, its accompanying proxy card and letter of transmittal on or about October 20, 2008 to all holders of Solana common shares, or *Solana Shareholders*, optionholders and warrantholders, or collectively with the Solana Shareholders the *Solana Securityholders*, of record entitled to vote at the Solana

Special Meeting.

When and where are the special meetings?

Both meetings will take place on November 14, 2008. The Gran Tierra Special Meeting, will be held at 9:00 a.m., Mountain Time, at Lougheed House, 707 13th Avenue S.W., Calgary, Alberta, Canada. The Solana Special Meeting will be held at 8:00 a.m., Mountain Time, at the Westin Calgary, 320 4th Avenue S.W., Calgary, Alberta, Canada.

How will the combination of the two companies be accomplished?

If approved, the combination of the two companies will be accomplished by a statutory plan of arrangement involving Solana, Gran Tierra, Gran Tierra Exchangeco Inc., an indirect wholly-owned Canadian subsidiary of Gran Tierra, or ***Exchangeco***, and Solana Securityholders, all as more particularly described in this Joint Proxy Statement, and which is referred to as the ***Arrangement***.

Why do Gran Tierra and Solana want to combine their businesses?

Gran Tierra and Solana are both oil and gas exploration and production companies the primary asset of which is their respective ownership interests in the Costayaco field, a major oil and gas discovery located in Colombia currently under delineation and development, as well as other complementary interests and operations in Colombia. Gran Tierra and Solana believe that the proposed combination will complement each of its existing businesses. By combining the businesses of both companies, Gran Tierra and Solana expect to consolidate 100% of the working interest in the Costayaco field allowing for more efficient development of the field, and creating a stronger oil and gas exploration company with approximately 7.1 million gross acres (6.2 million net acres), production capacity of approximately 15,000 boe/d net after royalties at the end of 2008 and proved reserves of approximately 18 million barrels.

1

TABLE OF CONTENTS

Who will manage the combined company after the combination?

If completed, under the terms of the Arrangement, Gran Tierra will acquire 100% of the outstanding common shares of Solana, or ***Solana Shares***, and Solana will become a wholly-owned indirect subsidiary of Gran Tierra. The combined company, which will retain the name Gran Tierra Energy Inc. and be headquartered in Calgary, Alberta, Canada, will be managed by the current Gran Tierra management team, and will have a seven member board of directors which will initially include the five current members of the Gran Tierra Board. Scott Price, Solana's current President and Chief Executive Officer, and Ray Antony, Solana's current Chairman of the Board, will also join as members of the Gran Tierra Board.

What votes are required to complete the Arrangement?

The Arrangement requires the approval of the holders of at least two-thirds of the Solana Shares, options and warrants, referred to collectively as the ***Solana Securities***, voting in person or by proxy as a single class, at the Solana Special Meeting. The issuance of the Gran Tierra common stock in connection with the consummation of the Arrangement requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Gran Tierra Special Meeting and entitled to vote. The approval of the amendment to Gran Tierra's articles of incorporation that create the special voting share to facilitate the voting of the exchangeable shares of Exchangeco, or the ***GTE-Solana Exchangeable Shares***, and make technical changes to Gran Tierra's articles of incorporation requires the vote of (a) the holders of shares of Gran Tierra common stock and the exchangeable shares of Gran Tierra Goldstrike Inc., or ***GTE-Goldstrike Exchangeable Shares***, entitling them to exercise at least a majority of the

combined voting power of the total number of outstanding shares of Gran Tierra common stock and GTE-Goldstrike Exchangeable Shares, and (b) the holders of shares of GTE-Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the voting power of the total number of outstanding shares of GTE-Goldstrike Exchangeable Shares.

What votes are required to complete Gran Tierra's other proposals?

Each of the amendments to Gran Tierra's articles of incorporation to increase the total authorized number of shares of common stock from 300,000,000 to 600,000,000 and to change the board voting requirement for issuance of common stock from unanimous to a simple board action requires the affirmative vote of the holders of shares of Gran Tierra common stock and GTE-Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the combined voting power of the total number of outstanding shares of Gran Tierra common stock and GTE-Goldstrike Exchangeable Shares. The amendment and restatement of Gran Tierra's 2007 Equity Incentive Plan, as amended and restated, to increase the number of shares available for issuance thereunder from 9,000,000 shares to 18,000,000 shares, requires the affirmative vote of a majority of the shares present in person or represented by proxy at the Gran Tierra Special Meeting and entitled to vote.

What are the other material conditions to consummation of the Arrangement?

The Arrangement is subject to the receipt of required governmental and regulatory approvals, and approval of the plan of arrangement, attached to the Joint Proxy Statement as Annex D, the ***Plan of Arrangement***, giving effect to the Arrangement by the Court of Queen's Bench of Alberta, or the ***Court***. In addition, Gran Tierra is obligated to file a registration statement on Form S-3 which must be declared effective by the U.S. Securities and Exchange Commission, or the ***SEC***, prior to completion of the Arrangement and, pursuant to the Arrangement Agreement, attached hereto as Annex B, the Arrangement must be completed on or before November 15, 2008, unless extended by the parties. The Arrangement is also subject to other customary closing conditions.

When do you expect the Arrangement to be completed?

We expect to complete the Arrangement on or before November 15, 2008.

2

TABLE OF CONTENTS

Who do I call if I have more questions?

For questions about voting and proxies, Gran Tierra stockholders may call:

The Altman Group
Phone: 866-530-8636

For other information, Gran Tierra stockholders may contact:

Martin Eden
Chief Financial Officer and Secretary
Phone: (403) 265-3221
Fax: (403) 265-3242

For questions about voting and proxies, Solana Securityholders may call:

Valiant Trust Company
Phone: (403) 233-2801
Fax: (403) 233-2857

For questions about the letters of transmittal, Solana Securityholders may call:

Computershare Investor Services Inc.
Phone: 1-800-564-6253
Email: corporateactions@computershare.com

For other information, Solana Securityholders may contact:

J. Scott Price
President and Chief Executive Officer
Phone: (403) 770-1822
Fax: (403) 770-1826
E-mail: jsp@solanaresources.com

Additional Questions and Answers for Gran Tierra Stockholders

Why is Gran Tierra entering into this transaction?

Gran Tierra believes the transaction is in the best interest of Gran Tierra and its stockholders. The benefits of the transaction include:

Gran Tierra expects the combined company to have a larger asset base with a 100% working interest in the Costayaco field, one of the major oil discoveries in Colombia in recent years, allowing for more efficient development of the field;

Gran Tierra expects the combined company to have substantially increased cash flows and working capital which will allow for the pursuit of additional exploration opportunities on the combined company's large undeveloped land base in Colombia, Argentina and Peru, and additional new venture growth opportunities;

Gran Tierra expects the combined company to have a larger market capitalization and better access to capital and financial markets, which would enable the combined company to raise additional capital more easily, if needed, to fund its expansion plans than either company could if not combined;

Gran Tierra expects the shares of the combined company to have greater public float and liquidity; and

Gran Tierra expects to achieve economies of scale and synergies by combining the two companies.

Why is Gran Tierra seeking to amend its articles of incorporation to provide for a new special voting share and make other technical amendments?

3

TABLE OF CONTENTS

In order for the GTE-Solana Exchangeable Shares to have the voting power of a share of Gran Tierra common stock, there must be a share of Gran Tierra capital stock through which they are entitled to vote. The creation of the new special voting share enables this voting mechanism. In addition, Gran Tierra believes that it is prudent to clarify that the current special voting share created to facilitate the GTE-Goldstrike Exchangeable Shares will vote together with the common stock, the new special voting share and any other shares of preferred stock in the future, as this may not currently be clear in the Gran Tierra articles of incorporation.

Why is Gran Tierra seeking to increase its authorized common stock?

Gran Tierra believes that the combination of the two companies will approximately double the asset base and outstanding number of shares of its common stock, and significantly increase the number of its employees. In addition, Gran Tierra believes that it will hire additional personnel in the future. As a result, the Gran Tierra Board believes that it is therefore appropriate to also double the authorized number of shares of its common stock to enable Gran Tierra to be in a position to issue additional shares of its common stock in connection with stock options granted and to be granted, or for purposes of acquiring other companies and assets as the Gran Tierra Board deems advisable.

Why is Gran Tierra seeking to change the Gran Tierra Board voting requirement to issue authorized but unissued stock?

Gran Tierra believes that Gran Tierra Board action by majority vote, rather than by unanimous vote, is typical and appropriate for the approval of issuances of authorized but unissued Gran Tierra common stock, and so has included this change as well in the amendment to its articles of incorporation.

Why is Gran Tierra seeking to increase the number of shares available to it under its 2007 Equity Incentive Plan?

Gran Tierra believes that the combination of the two companies will approximately double the asset base and outstanding shares of the company and significantly increase its work force. In addition, Gran Tierra intends to hire additional personnel following the combination of the two companies. Gran Tierra therefore believes that it is appropriate to double the number of shares available for issuance under its 2007 Equity Incentive Plan. The granting of stock awards under this plan enables Gran Tierra to attract and retain its employees and consultants, who will be critical to the success of the combined company.

Additional Questions and Answers for Solana Shareholders, Optionholders and Warrantholders

Why is Solana entering into this transaction?

Solana believes the transaction is in the best interest of Solana Securityholders. The benefits of the transaction include:

0.9527918 of a share of Gran Tierra common stock or 0.9527918 of a GTE-Solana Exchangeable Share represents a significant premium of approximately 26% over the trading price of Solana Shares immediately prior to the announcement of the combination;

Solana expects the combined company to have a larger asset base with a 100% working interest in the Costayaco field, one of the major oil discoveries in Colombia in recent years, allowing for more efficient development of the field;

Solana expects the combined company to have a larger market capitalization and better access to capital and financial markets, which would enable the combined company to raise additional capital more easily, if needed, to fund its expansion plans than either company could if not combined;

Solana expects the shares of the combined company to have greater public float and liquidity;

Solana expects the combined company to have substantially increased cash flows which will allow for the pursuit of additional exploration opportunities on the combined company's large undeveloped land base in Colombia, Argentina and Peru, and additional new venture growth opportunities, thereby increasing the probability of additional exploration success;

4

TABLE OF CONTENTS

the transaction is structured to provide a tax deferral opportunity for certain Canadian resident Solana Shareholders; Solana expects the combined company to benefit from the strong leadership of directors from both Solana and Gran Tierra; and

Solana warrant holders and some Solana option holders can elect to participate in the combined company by ultimately receiving shares of Gran Tierra common stock or GTE-Solana Exchangeable Shares, as applicable, or can elect to receive a cash payment in exchange for their securities, or a combination of the foregoing, providing alternatives for such security holders.

What will I receive as a result of this transaction?

Canadian resident Solana Shareholders (other than Dissenting Shareholders, as defined in the section below entitled ***Dissenters Rights*** on page 14, Solana Shareholders who are partnerships that are not Canadian partnerships for the purposes of the *Income Tax Act* (Canada) and shareholders who are exempt from tax under Part I of the *Income Tax Act* (Canada)) can elect to receive either 0.9527918 of a GTE-Solana Exchangeable Share issued by Exchangeco for each Solana Share or 0.9527918 of a share of Gran Tierra common stock for each Solana Share. All other Solana Shareholders (other than Dissenting Shareholders) can elect to receive 0.9527918 of a share of Gran Tierra common stock. A Solana Shareholder (other than a Dissenting Shareholder) who does not make an election will receive: (i) 0.9527918 of a GTE Solana Exchangeable Share for each Solana Share if its address on the Solana Share register is in Canada on the business day preceding the Effective Date; or (ii) 0.9527918 of a share of Gran Tierra common stock for each Solana Share if its address on the Solana Share register is not in Canada on the business day preceding the Effective Date. The Arrangement will also result in Solana option holders and Solana warrant holders receiving either Solana Shares pursuant to a cashless exercise of their options or warrants or cash payments, in both cases based on the above exchange ratio of 0.9527918, or the ***Exchange Ratio***. In addition, Solana options held by a Solana employee, officer, director or consultant continuing with the combined company may be exchanged for options to purchase shares of Gran Tierra common stock; and holders of Solana warrants may elect to continue to hold warrants, which would be exercisable into shares of common stock of Gran Tierra pursuant to the terms of the warrants.

What are the GTE-Solana Exchangeable Shares?

Each GTE-Solana Exchangeable Share has economic and voting rights equivalent to one share of Gran Tierra common stock. Holders of GTE-Solana Exchangeable Shares will be entitled to:

exchange their shares for Gran Tierra common stock on a one-for-one basis (GTE-Solana Exchangeable Shares will automatically be exchanged for Gran Tierra common stock five years from closing of the transaction, and in specified other events);

vote indirectly through a voting trust arrangement at meetings of Gran Tierra stockholders; and receive dividends, if any, on the same basis as Gran Tierra stockholders.

Will the GTE-Solana Exchangeable Shares be listed on a stock exchange?

Yes. An application has been made to the Toronto Stock Exchange, or the ***TSX***, to conditionally approve the listing of the GTE-Solana Exchangeable Shares, subject to Exchangeco fulfilling the original listing requirements of the TSX. The GTE-Solana Exchangeable Shares will not be quoted on the American Stock Exchange, on the ***AMEX***. Actions will be taken to de-list the Solana Shares from the TSX Venture Exchange and the Alternative Investment Market of the London Stock Exchange plc, or the ***AIM***, effective upon completion of the Arrangement.

Why would I continue to hold GTE-Solana Exchangeable Shares?

The GTE-Solana Exchangeable Share structure will be implemented to provide tax deferral opportunities for Canadian resident Solana Shareholders. As long as the GTE-Solana Exchangeable Shares remain listed on a Canadian stock exchange, they will qualify as an investment that can be held by specified investment vehicles such as RRSPs, RRIFs, RESPs and other savings and pension plans, however rights that accompany

the shares may have an adverse impact on some plans such plans should consult their own tax advisors if they do not elect to acquire shares of Gran Tierra under the Arrangement.

How do I exchange my Solana security certificates?

Enclosed with this Joint Proxy Statement is a letter of transmittal and election form that will allow you to receive your GTE-Solana Exchangeable Shares or Gran Tierra common stock, as applicable, which are issuable to you pursuant to this transaction. Letters of transmittal to allow Solana optionholders and warrant holders to make elections and receive the applicable cash payments or securities in respect of their Solana options and/or warrants will be delivered separately from the Joint Proxy Statement. The letters of transmittal and election form and your Solana security certificates, as applicable, must be delivered to Computershare Investor Services Inc. in accordance with the instructions contained therein.

6

TABLE OF CONTENTS

PROXY SUMMARY INFORMATION

The following is a summary of specified information contained elsewhere in this Joint Proxy Statement. The information contained in this summary is qualified in its entirety by and should be read in conjunction with the more detailed information contained in this Joint Proxy Statement, including the annexes hereto, and the documents incorporated by reference herein.

Overview of the Arrangement

The transaction will combine the businesses of Gran Tierra and Solana, which the companies believe complement each other, to create a more substantial South American oil and gas exploration and production company with significant oil reserves, production and land positions in Colombia. Importantly, it will provide for the consolidation of a 100% working interest in the Costayaco field, a major light oil discovery made in Colombia in 2007 currently undergoing delineation and development.

We will implement the transaction through a share exchange under a Plan of Arrangement. Upon completion of the Plan of Arrangement:

Solana will become an indirect wholly-owned subsidiary of Gran Tierra;
Solana Shareholders will cease to be shareholders of Solana and (other than Dissenting Shareholders) will receive, for each Solana Share held, either 0.9527918 of a share of Gran Tierra common stock or 0.9527918 of a GTE Solana Exchangeable Share;
each GTE Solana Exchangeable Share will have economic and voting rights equivalent to one share of Gran Tierra common stock, will be exchangeable at the option of the holder for one share of Gran Tierra common stock, and will automatically be exchanged for Gran Tierra common stock five years from closing and in specified other events;
each Solana option will fully vest and terminate and the holder of such options will either receive Solana Shares or cash equal to the value of the Solana option or, if the holder will continue as an employee, officer, director or consultant of the combined company or a subsidiary of the combined company, the holder may exchange such Solana option for an option to purchase Gran Tierra common stock, or any combination thereof; and
each holder of Solana warrants will either receive Solana Shares or cash equal to the value of the Solana warrant or, if the holder elects, such Solana warrants will become exercisable for Gran Tierra common stock under the terms of the warrants, or any combination thereof.

See Description of the Arrangement Transaction Mechanics and Description of GTE Solana Exchangeable Shares on page 61.

The Companies

Gran Tierra (See page 100)

Gran Tierra is an independent international energy company involved in oil and natural gas exploration, development and production. Gran Tierra's exploration, development and production operations are located in Colombia, Argentina and Peru. Gran Tierra made its initial acquisition of oil and gas producing and non-producing properties in Argentina in September 2005. During 2006, it acquired oil and gas producing and non-producing assets in Colombia, non-producing assets in Peru and additional properties in Argentina. Gran Tierra's common stock is listed on the AMEX and the TSX, under the symbol GTE. Gran Tierra's principal executive offices are located at 300, 611 10th Avenue S.W., Calgary, Alberta T2R 0B2, Canada, and its telephone number at its principal executive office is (403) 265-3221.

7

TABLE OF CONTENTS

Solana (See page 126)

Solana is a corporation incorporated and subsisting pursuant to the provisions of the *Business Corporations Act* (Alberta), the *ABCA*. Solana is an international resource company engaged in the acquisition, exploration, development and production of oil and natural gas. Solana is headquartered in Calgary, Alberta. Solana's exploration and development properties are located in Colombia, South America and are held through its wholly-owned subsidiary, Solana Petroleum Exploration (Colombia) Limited incorporated in the Cayman Islands, or *Solana Colombia*. Solana currently holds various working interests in nine blocks in Colombia and Solana is the operator in respect of six of these blocks. Five of the blocks contain producing assets. Solana is a reporting issuer in the provinces of Alberta, British Columbia and Ontario and the Solana Shares are listed on the TSX Venture Exchange under the trading symbol SOR and on the AIM under the trading symbol SORL. Solana's head office is located at Suite 100, 522 11 Avenue S.W., Calgary, Alberta T2R 0C8 and the registered office is located at 1000, 250 2 Street, S.W., Calgary, Alberta, T2P 0C1.

The Combined Company (See page 84)

The combined company will be a more substantial independent oil and gas company with operations in South America. At December 31, 2007, Gran Tierra and Solana combined pro forma worldwide proved reserves, net of all royalties and third party interests, were approximately 14.8 million barrels of oil.

On a pro forma combined basis, assuming the consummation of the Arrangement, the combined company had:

2007 oil and natural gas liquids production, net of royalties, of 2,177 barrels per day;
first six months of 2008 oil and natural gas liquids production, net of royalties, of 5,763 barrels per day;
2007 year end total land holdings of 6.5 million acres;

2007 worldwide gas production of 994 thousand cubic feet per day; and
first six months of 2008 worldwide gas production of 44 thousand cubic feet per day.

In addition, in July 2008, Gran Tierra updated its proved reserves from the Costayaco field in Colombia at June 30, 2008, which were 6.67 million barrels of oil net of royalties compared to 3.27 million barrels of oil net of royalties at year end 2007, an increase of 104%.

Background of the Arrangement (See page 39)

The respective boards of directors and management of Gran Tierra and Solana periodically review their strategic objectives with a view to ensuring that shareholder value is maximized. Each company frequently considers both acquisition and joint venture opportunities involving other participants in the oil and gas sector. Beginning in April of 2007, Gran Tierra and Solana engaged in preliminary discussions regarding a possible business combination of the two companies. However, in November 2007 the companies determined not to proceed, and terminated discussions regarding a potential combination of the two companies.

Beginning in May 2008, Gran Tierra and Solana again began discussions regarding a potential combination, which discussions resulted in the two companies engaging in extensive due diligence with respect to each other and, ultimately, the negotiation of the Arrangement Agreement, which was executed by Gran Tierra and Solana on July 28, 2008.

8

TABLE OF CONTENTS

Reasons for the Arrangement (See pages 43 and 44)

Gran Tierra: The Gran Tierra Board has unanimously approved the combination of Gran Tierra and Solana. In reaching this determination, the Gran Tierra Board consulted with Gran Tierra's management, as well as its financial and legal advisors, and considered the following material factors:

The anticipated business advantages of the combination, including:

Gran Tierra expects the combined company to have a larger asset base with a 100% working interest in the Costayaco field, one of the major oil discoveries in Colombia in recent years, allowing for more efficient development of the field;

Gran Tierra expects the combined company to have substantially increased cash flows and working capital which will allow for the pursuit of additional exploration opportunities on the combined company's large undeveloped land base in Colombia, Argentina and Peru, and additional new venture growth opportunities;

Gran Tierra expects the combined company to have a larger market capitalization and better access to capital and financial markets, which would enable the combined company to raise additional capital more easily, if needed, to fund its expansion plans than either company could if not combined;

Gran Tierra expects the shares of the combined company to have greater public float and liquidity; and

Gran Tierra expects to achieve economies of scale and synergies by combining the two companies.

The Gran Tierra Board also considered the opinion of Blackmont Capital Inc., or **Blackmont**, financial advisor to Gran Tierra, delivered verbally on July 28, 2008 and subsequently confirmed in writing as of that date, to the effect that, based on and subject to the factors and assumptions set forth in the opinion, the Exchange Ratio of 0.9527918 shares of Gran Tierra common stock or GTE Solana Exchangeable Shares, as applicable, for each Solana Share was

fair, from a financial point of view, to Gran Tierra.

Solana: The Solana Board, has unanimously approved the combination of Gran Tierra and Solana. In reaching this determination, the Solana Board consulted with Solana's management, as well as its financial and legal advisors, and considered the following material factors:

the consideration offered under the Arrangement represented a significant premium over the trading price of Solana Shares immediately prior to the announcement of the combination;

Solana believes that the combined company will have a larger asset base and greater geographical diversity of operations and markets. The combination creates a company with a 100% working interest in the Costayaco field, one of the most important oil discoveries in Colombia in recent years, allowing for more efficient development of the field;

Solana expects the combined company to have a larger market capitalization and better access to capital and financial markets, which would enable the combined company to raise additional capital more easily, if needed, to fund its expansion plans than either company could if not combined;

Solana expects the shares of the combined company to have greater public float and liquidity;

Solana expects the combined company to have substantially increased cash flows which will allow for the pursuit of additional exploration opportunities on the combined company's large undeveloped land base in Colombia, Argentina and Peru, and additional new venture growth opportunities, thereby increasing the probability of additional exploration success;

the structure of the transaction provides a tax deferral opportunity for certain Canadian resident Solana Shareholders, but may be a taxable transaction for other holders of Solana Shares;

9

TABLE OF CONTENTS

Solana expects the combined company to benefit from the strong leadership of directors from both Solana and Gran Tierra; and

Solana warrant holders and some Solana option holders can elect to participate in the combined company by ultimately receiving shares of Gran Tierra common stock or GTE Solana Exchangeable Shares, as applicable, or can elect to receive a cash payment in exchange for their securities, or a combination of the foregoing, providing alternatives for such security holders.

The Solana Board also considered the opinion of Tristone Capital Inc., or *Tristone*, financial advisor to Solana, delivered orally on July 28, 2008 and subsequently confirmed in writing as of that date, to the effect that, based on and subject to the factors and assumptions set forth in the opinion, the consideration to be received pursuant to the Arrangement by Solana Shareholders was fair, from a financial point of view, to Solana Shareholders.

Fairness Opinions of Financial Advisors (See pages 45 and 53)

In deciding to approve the Arrangement, the board of directors of each of Gran Tierra and Solana considered the opinion of their respective financial advisor. Gran Tierra received an opinion from Blackmont delivered verbally on July 28, 2008 and subsequently confirmed in writing as of that date, to the effect that, based on and subject to the factors and assumptions set forth in the opinion, the Exchange Ratio was fair, from a financial point of view, to Gran Tierra. Solana received an opinion from Tristone, delivered orally on July 28, 2008 and subsequently confirmed in writing as of that date, that, based on and subject to the factors and assumptions set forth in the opinion, the consideration to be received pursuant to the Arrangement by Solana Shareholders was fair, from a financial point of view, to Solana Shareholders. These opinions are attached as Annexes H and I, respectively. We encourage you to read these opinions.

Recommendations of the Boards of Directors (See page 45)

To Gran Tierra Stockholders:

The Gran Tierra Board believes that the Arrangement is fair to its stockholders and is in their best interest, and it unanimously recommends that its stockholders vote (1) For the issuance of Gran Tierra common stock pursuant to the Arrangement, (2) For the amendment of the Gran Tierra articles of incorporation to create a new share of special voting stock, referred to as the *Special B Voting Stock*, to represent the votes cast by the holders of GTE Solana Exchangeable Shares, and make several technical amendments, (3) For the amendment of the Gran Tierra articles of incorporation to increase the number of shares of common stock authorized, (4) the amendment to Gran Tierra's articles of incorporation to change the board voting requirement for issuance of common stock from unanimous to a simple board action, and (5) For the approval of the Gran Tierra 2007 Equity Incentive Plan, as amended and restated, to increase the number of shares issuable under the plan.

To Solana Securityholders:

The Solana Board, believes that the Arrangement is fair to the Solana Securityholders and in their best interest and unanimously recommends that the Solana Securityholders vote For the approval of the Arrangement.

What Solana Shareholders Will Receive Pursuant to the Arrangement (See page 61)

Pursuant to the Arrangement, Solana Shareholders who are *eligible shareholders* (Canadian resident Solana Shareholders who are not exempt from Part I tax under the *Income Tax Act* (Canada) and, in the case of partnerships, are Canadian partnerships for purposes of the *Income Tax Act* (Canada)), other than Dissenting Shareholders, can elect to receive 0.9527918 of a GTE Solana Exchangeable Share for each Solana Share held by the shareholder immediately prior to the time at which the *Articles of Arrangement* are filed with the *Registrar*, each as defined in the Plan of Arrangement attached hereto as Annex D, on the date the Arrangement becomes effective under the ABCA, such time being referred to herein as the *Effective Time*.

10

TABLE OF CONTENTS

Solana Shareholders who do not make the election and whose address on the Solana Shareholder register is in Canada on the business day preceding the Effective Date will also receive 0.9527918 of a GTE Solana Exchangeable Share for each Solana Share held by such shareholder immediately before the Effective Time.

Pursuant to the Arrangement, all Solana Shareholders other than Dissenting Shareholders can elect to receive 0.9527918 of a share of Gran Tierra common stock for each Solana Share held by such shareholder immediately before the Effective Time. Solana Shareholders who do not make any election and whose address on the Solana Shareholder Register is not in Canada on the business day preceding the Effective Date will receive 0.9527918 of a share of Gran Tierra common stock for each Solana Share held by such shareholder immediately before the Effective Time.

Each GTE Solana Exchangeable Share (i) will have voting rights, dividend entitlements and other attributes equivalent to one share of Gran Tierra common stock; (ii) will be exchangeable, at each shareholder's option, on a one-for-one basis, into shares of Gran Tierra common stock; and (iii) subject to compliance with the original listing requirements of the TSX, will be listed on the TSX. The GTE Solana Exchangeable Shares will automatically be exchanged for shares of Gran Tierra common stock five years from the effective date of the Arrangement under the ABCA, or *Effective Date*, and in specified other events.

What Solana Optionholders Will Receive Pursuant to the Arrangement (See page 72)

Subject to the rights of Continuing Optionholders discussed below, Solana optionholders will receive one or any combination of the following:

if the Solana optionholder elects to receive Solana Shares pursuant to the cashless exercise of its Solana options, referred to as the *Exchange Options*, each such Exchange Option will be deemed to be surrendered to Solana by cashless exercise in exchange for such number of Solana Shares as is equal to the in-the-money value of each Exchange Option divided by the five day weighted trading price (ending on the seventh trading day before the Effective Date) on the TSX of a share of Gran Tierra common stock multiplied by 0.9527918 and these Solana Shares will then be exchanged for shares of Gran Tierra common stock or GTE Solana Exchangeable Shares pursuant to the Arrangement (where the in-the-money value of each Exchange Option is equal to the amount by which the Imputed Transaction Value exceeds the exercise price of such Exchange Option; and where *Imputed Transaction Value* is the five day weighted trading price, ending on the seventh trading day before the Effective Date, on the TSX of a share of Gran Tierra common stock multiplied by 0.9527918); or

if the Solana optionholder elects to receive a cash payment pursuant to the cashless exercise of its Solana options, each such Solana option will be deemed to be surrendered to Solana by cashless exercise in exchange for the in-the-money value of each Solana option (where the in-the-money value of each Solana option is equal to the amount by which the Imputed Transaction Value exceeds the exercise price of such Solana option).

In addition, Solana optionholders who are *Continuing Optionholders* (Solana optionholders who will be any of a director, officer, employee or consultant of Gran Tierra or a subsidiary of Gran Tierra immediately subsequent to the Effective Time) may elect to exchange some or all of their Solana options for 0.9527918 of a Gran Tierra option. The exercise price of each such Gran Tierra option will be equal to the exercise price of the Solana option exchanged divided by 0.9527913, and converted to U.S. dollars.

What Solana Warranholders Will Receive Pursuant to the Arrangement (See page 73)

Pursuant to the Arrangement, if Solana warranholders elect to effect a cashless exercise of their Solana warrants, the Solana warranholders will receive one or any combination of the following:

if the Solana warranholder elects to receive Solana Shares pursuant to the cashless exercise of its Solana warrants, referred to as the *Exchange Warrants*, each such Exchange Warrant will be deemed to be surrendered to Solana by cashless exercise in exchange for such number of Solana Shares as is equal to the in-the-money value of each Exchange Warrant divided by the five day weighted trading price (ending on the seventh trading day before the Effective Date) on the TSX of

11

TABLE OF CONTENTS

a share of Gran Tierra common stock multiplied by 0.9527918 and these Solana Shares will then be exchanged for shares of Gran Tierra common stock or GTE Solana Exchangeable Shares pursuant to the Arrangement (where the in-the-money value of each Exchange Warrant is equal to the amount by which the Imputed Transaction Value exceeds CDN\$2.00); or

if the Solana warrant holder elects to receive a cash payment pursuant to the cashless exercise of its Solana warrants, each such Solana warrant will be deemed to be surrendered to Solana by cashless exercise in exchange for the in-the-money value of each Solana warrant (where the in-the-money value of each Solana warrant is equal to the amount by which the Imputed Transaction Value exceeds CDN\$2.00).

If Solana warrant holders do not elect to effect a cashless exercise of all of their Solana warrants, they will continue to hold such Solana warrants, which would be exercisable into shares of Gran Tierra common stock in accordance with the terms and conditions of such Solana warrants.

Colombian Participation Agreement (See page 101)

Gran Tierra is party to a Colombian Participation Agreement, dated June 22, 2006, between Argosy Energy International, Gran Tierra Energy Inc. and Crosby Capital, LLC, as amended, the *Colombian Participation Agreement*, entered into in connection with Gran Tierra's original acquisition of its interests in Colombia, pursuant to which Gran Tierra is obligated to pay specified amounts based on production from the properties acquired. In July 2008, Gran Tierra negotiated an amendment to the Colombian Participation Agreement to provide that, in the event that the Arrangement is consummated, Gran Tierra will issue two million shares of Gran Tierra common stock to the holders of the rights to receive payments under that agreement, in consideration for the holders agreeing that their rights to receive payments on production from the properties Gran Tierra acquired would not apply to Solana's interests in the properties in which Solana and Gran Tierra have joint working interests, even after the combination of the two companies. In the event that combination of Gran Tierra and Solana does not occur, then Gran Tierra would not be obligated to issue the two million shares, and the rights of the royalty holders under the Colombian Participation Agreement would not be affected.

Comparative Per Share Market Price Data (See page 85)

Gran Tierra common stock was first cleared for quotation on the OTC Bulletin Board, or the *OTCBB*, on November 11, 2005 and traded on the OTCBB from that time until April 8, 2008, under the symbol GTRE.OB. On February 19, 2008, Gran Tierra common stock was listed on the TSX, and is trading under the symbol GTE on the TSX. On April 8, 2008, Gran Tierra common stock was listed on the AMEX, and is trading under the symbol GTE on the AMEX. Upon listing on the AMEX, Gran Tierra's common stock ceased trading on the OTCBB.

Solana Shares are listed on the TSX Venture Exchange, under the symbol SOR and on the AIM, under the symbol SORL.

On July 28, 2008, the last full trading day for each of Gran Tierra and Solana before the public announcement of the Arrangement, Gran Tierra common stock closed at CDN\$5.73 on the TSX and \$5.57 on the AMEX and Solana Shares closed at CDN\$4.35 on the TSX Venture Exchange and £2.13 on the AIM.

Listing of Gran Tierra Common Stock and GTE Solana Exchangeable Shares (See page 78)

It is a mutual condition to the completion of the Arrangement that (i) the TSX shall have conditionally approved the listing of the shares of Gran Tierra common stock to be issued pursuant to the Arrangement, and (ii) the AMEX shall have conditionally approved the listing of the shares of Gran Tierra common stock to be issued pursuant to the Arrangement, subject to official notice of issuance.

Exchangeco has applied to the TSX for conditional approval to list the GTE Solana Exchangeable Shares, subject to Exchangeco meeting the original listing requirements of the TSX.

12

TABLE OF CONTENTS

Who is Entitled to Vote at the Meetings

Gran Tierra Stockholders (See page 30)

Only stockholders of record at the close of business on September 15, 2008, the *Gran Tierra Record Date*, will be entitled to vote at the Gran Tierra Special Meeting. On the Gran Tierra Record Date, there were 104,595,774 shares of Gran Tierra common stock outstanding and entitled to vote, and one share of special voting stock, or *Special Voting Stock*. On the record date, the share of Special Voting Stock was entitled to 10,984,126 votes, which equals the number of shares of common stock issuable upon exchange of the GTE Goldstrike Exchangeable Shares, outstanding as of the Gran Tierra Record Date, that were issued in connection with the transaction between the former shareholders of Gran Tierra Energy Inc., a privately-held Alberta corporation, referred to as *Gran Tierra Canada*, and Gran Tierra Goldstrike, Inc.

Solana Shareholders (See page 36)

Only Solana Securityholders of record at the close of business on September 25, 2008, the *Solana Record Date*, will be entitled to receive notice of, and attend and vote at, the Solana Special Meeting, except to the extent a holder of Solana Shares transfers any of such securities after the Solana Record Date and the transferee of those Solana Shares establishes ownership of the Solana Shares, and demands, not later than 10 days before the Solana Special Meeting, that the transferee's name be included in the list of holders of Solana Shares entitled to vote, in which case such transferee shall be entitled to vote such Solana Shares at the Solana Special Meeting. As at the Solana Record Date, a total of 126,426,792 Solana Shares, 3,945,000 Solana options and 7,500,000 Solana warrants were issued and outstanding for a total of 137,871,792 Solana securities being issued and outstanding. Each Solana Securityholder is entitled to one vote for each Solana security held and the Solana Securityholders will vote as one class.

Shareholder Votes Required

Gran Tierra Proposals (See page 33)

Each share of Gran Tierra common stock and GTE Goldstrike Exchangeable Share has one vote. The votes required to approve the Gran Tierra proposals are as follows:

to be approved, Proposal 1, the approval of issuance of Gran Tierra common stock pursuant to the Arrangement, must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Gran Tierra Special Meeting and entitled to vote. Broker non-votes will have no effect and abstentions will have the same effect as Against votes;

to be approved, Proposal 2, the amendment to Gran Tierra's articles of incorporation to create a new special voting share to enable the GTE Solana Exchangeable Shares to vote, as well as to make several technical changes, must receive a For vote from:

the holders of shares of Gran Tierra common stock and GTE Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the combined voting power of the total number of outstanding shares of Gran Tierra common stock and GTE Goldstrike Exchangeable Shares; and

the holders of shares of GTE Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the voting power of the total number of outstanding shares of GTE Goldstrike Exchangeable Shares.

Broker non-votes and abstentions will have the same effect as Against votes;

each of Proposal 3, the amendment to Gran Tierra's articles of incorporation to increase in the number of shares of Gran Tierra common stock authorized for issuance, and Proposal 4, the amendment to Gran Tierra's articles of incorporation to change the board voting requirement for issuance of common stock, must receive a For vote from the holders of shares of Gran Tierra common stock and GTE Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the

13

TABLE OF CONTENTS

combined voting power of the total number of outstanding shares of Gran Tierra common stock and GTE Goldstrike Exchangeable Shares to be approved. Broker non-votes and abstentions will have the same effect as Against votes; and

to be approved, Proposal 5, the approval of Gran Tierra's 2007 Equity Incentive Plan, as amended and restated, must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Gran Tierra Special Meeting and entitled to vote. Broker non-votes will have no effect and abstentions will have the same effect as Against votes.

References to voting power of GTE Goldstrike Exchangeable Shares refers to the voting power exercised through the Olympia Trust Company, referred to as the **Goldstrike Trustee**, with respect to the GTE Goldstrike Exchangeable Shares, whether by the Goldstrike Trustee or by proxy.

Solana Proposal (See page 37)

The approval of the Arrangement requires approval by two-thirds of the votes cast in person or by proxy at the Solana Special Meeting.

Dissenters Rights (See page 80)

Pursuant to the Interim Order of the Court under subsection 193(4) of the ABCA, or the *Interim Order*, registered holders of Solana Shares are, subject to the provisions of the Interim Order and the Arrangement Agreement, accorded the right of dissent, or *Dissent Rights*, under Section 191 of the ABCA with respect to the approval of the special resolution to approve the Arrangement under the ABCA, the *Arrangement Resolution*. A Dissenting Shareholder may exercise such Dissent Rights by providing a written objection to the Arrangement Resolution to Solana c/o Davis LLP, Livingston Place 1000 250 2nd St SW Calgary, AB, Canada T2P 0C1, Attention: Kenneth P. Reh, by 4:00 p.m. on the fifth business day immediately preceding the date of the Solana Special Meeting; provided that the Dissenting Shareholder has not voted his or her Solana Shares at the Solana Special Meeting, either by proxy or in person, in favor of the Arrangement Resolution, the dissenting Solana Shareholder exercises the Dissent Rights in respect of all of the Solana Shares held by such Solana Shareholder, and such holder also complies with Section 191 of the ABCA, as modified by the Interim Order, such Dissenting Shareholder referred to herein as a *Dissenting Shareholder*.

The statutory provisions covering the right to dissent are technical and complex. Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right to dissent. Persons who are beneficial owners of Solana Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered holder is entitled to dissent. Accordingly, a beneficial owner of Solana Shares desiring to exercise the right to dissent must make arrangements for such Solana Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution approving the Arrangement is required to be received by Solana, as the case may be, or alternatively, make arrangements for the registered holder of such Solana Shares to dissent on such holder's behalf. Pursuant to the Interim Order, a Solana Shareholder may not exercise their Dissent Rights in respect of only a portion of such holder's Solana Shares. See Description of the Arrangement Dissenting Shareholders Rights.

Interests of Solana Directors and Officers (See page 82)

When considering the recommendation of the Solana Board with respect to the Arrangement, Solana Securityholders should be aware that a number of Solana directors and officers have interests in the transaction that may differ from those of Solana Securityholders generally.

Accounting Treatment

The acquisition of the Solana Securities pursuant to the Plan of Arrangement will be accounted for by Gran Tierra using the purchase method under U.S. GAAP. Under the purchase method, the cost of the purchase will be based on the market value of the Gran Tierra securities issued and the direct transaction costs.

TABLE OF CONTENTS

The cost of the purchase will be allocated to the Solana assets acquired and liabilities assumed, based on their estimated fair values at the acquisition date, with any excess of the cost over the amounts allocated being recognized as goodwill. Financial statements of Gran Tierra issued after the acquisition would reflect these fair values and include Solana's results of operations from the date of acquisition; they would not be restated retroactively to reflect to the

historical financial position or results of operations of Solana. This method may result in the carrying value of net assets, including goodwill, acquired from Solana being substantially different from the former carrying values of those net assets in Solana's historical financial statements.

Regulatory Approvals (See page 79)

In addition to the approval of Solana Securityholders, Gran Tierra stockholders and the Court, it is a mutual condition precedent to the implementation of the Arrangement that all requisite regulatory approvals be obtained. See Description of the Arrangement – Regulatory Matters .

The obligations of the parties to complete the Arrangement are subject to the approval by the antitrust authority of Colombia, the Superintendency of Industry and Commerce, or the *SIC*, pursuant to the Colombian merger control regime. By law, Gran Tierra and Solana shall file a notice before the SIC in order to obtain such approval. Once such notice is filed, the SIC has a period of thirty (30) business days to review the filing and issue a decision. If within this thirty (30) business day period the SIC requests from any of the parties to the transaction additional information regarding the filing, this period will commence again from the date of the answer to such request. If the SIC does not issue a decision within the thirty (30) business days counted as of the date the notification was filed or the date of the response to the request for additional information, the transaction shall be deemed approved.

On August 27, 2008 Gran Tierra and Solana filed a request to obtain the necessary authorization to complete the Arrangement before the SIC. On October 7, 2008, the authorization was received.

We do not expect that any of the abovementioned regulatory approvals, filings or any other required regulatory filings, will delay consummation of the Arrangement.

Conditions to the Completion of the Arrangement (See page 74)

The completion of the Arrangement depends upon the satisfaction of a number of conditions, including:

- the receipt of the Interim Order of the Court;
- the approval of the Arrangement by the Solana Securityholders;
- the approval of the issuance of Gran Tierra common stock by Gran Tierra stockholders;
- the absence of any action, suit, proceeding, or objection threatening, or any law or court order prohibiting the Arrangement;
- the receipt of a final order of the Court approving the Arrangement pursuant to subsection 193(9) of the ABCA, or the *Final Order* ;
- the receipt of all required consents and regulatory approvals;
- the receipt of the conditional approval to list the Gran Tierra common stock on the TSX and the AMEX;
- a registration statement on Form S-3 filed by Gran Tierra having been declared effective;
- the Articles of Arrangement having been filed with the registrar;
- the Arrangement becoming effective by November 15, 2008;
- if required, the approval of the Arrangement by Gran Tierra's and Solana's lenders;
- the furnishing of board and stockholder resolutions approving the Arrangement by both sides;
- the representations and warranties of the parties set out in the Arrangement Agreement being materially accurate as of the closing of the Arrangement;

15

TABLE OF CONTENTS

the absence of any material adverse change in the business, operations, assets, capitalization, financial condition or prospects of either party;

- performance by the parties of their pre-closing obligations under the Arrangement Agreement;
- Solana and Gran Tierra having no debt;
- all outstanding debt owed to Solana by any Solana director or officer being repaid in full;
- Solana's employment related obligations not exceeding \$1.5 million and Solana's expenses related to the Arrangement not exceeding \$5 million;
- receipt by Gran Tierra of resignations and releases from Solana's directors and officers; and
- receipt by Gran Tierra of non-solicitation agreements from specified officers of Solana.

Each party has the right to waive the conditions (except for the requisite shareholder and regulatory approvals) to its obligations under the Arrangement Agreement.

Termination of the Arrangement Agreement (See page 76)

Either Gran Tierra or Solana may terminate the Arrangement Agreement if any of the following occurs:

- there has been a material breach of the representations and warranties of the other party, by the other party;
- all closing conditions have not been satisfied or waived on or before November 15, 2008;
- the required approvals of holders of Gran Tierra common stock or Solana Securityholders are not obtained at the respective meetings; or
- a law or court order prohibits the Arrangement.

Gran Tierra can also terminate the Arrangement Agreement if the Solana Board withdraws or modifies its recommendation adversely to Gran Tierra or fails to reaffirm its recommendation upon request by Gran Tierra or after an alternative acquisition proposal meeting specified requirements is announced.

Solana can also terminate the Arrangement Agreement if any of the following occurs:

- the Gran Tierra Board withdraws or modifies adversely to Solana its recommendation; or
- the Solana Board accepts, recommends, approves or implements a proposal superior to this transaction in compliance with the terms of the Arrangement Agreement, a *Solana Superior Proposal* .

Termination Fees (See page 77)

Solana must reimburse Gran Tierra's transaction costs in cash up to \$1.5 million if Gran Tierra terminates the Arrangement Agreement because of a material breach by Solana of its representations and warranties.

Solana must pay Gran Tierra a termination fee of \$21 million in cash if:

- Gran Tierra terminates the Arrangement Agreement because the Solana Board withdraws or modifies adversely its recommendation or fails to reaffirm its recommendation when requested by Gran Tierra to do so or after an alternative acquisition proposal meeting specified requirements is announced; or
- Solana terminates the Arrangement Agreement in order to accept a superior proposal permitted under the Arrangement Agreement.

Gran Tierra must reimburse Solana's transaction costs in cash up to \$1.5 million if Solana terminates the Arrangement

Agreement because of a material breach by Gran Tierra of its representations and warranties.

Gran Tierra must pay Solana a termination fee of \$21 million in cash if Solana terminates the Arrangement Agreement because the Gran Tierra Board withdraws or modifies its recommendation adversely to Solana.

16

TABLE OF CONTENTS

If either party fails to pay the above fees promptly, then it shall also pay the other party's costs in recovering those fees in addition to interest on the unpaid amount at the prime rate of the Canadian Imperial Bank of Commerce.

No Solicitation of Competing Proposals (See page 75)

Solana may not solicit or encourage any alternative acquisition proposals. However, if a superior, unsolicited proposal is made by a third party, the Solana Board may enter into discussions and negotiations with, and provide information to, the party making the acquisition proposal in order to satisfy its fiduciary duties. Gran Tierra has the right to match any such superior proposal made to Solana.

The Transaction Documents

We have included the Arrangement Agreement and the Plan of Arrangement as Annexes B and D, respectively, to this Joint Proxy Statement. We encourage you to read these agreements as they are the principal legal documents that govern the Arrangement.

Tax Consequences of the Arrangement

Canadian Resident Holders (See page 157)

The transaction structure provides tax-deferral opportunities in Canada for Canadian resident Solana Shareholders through the exchange of such Solana Shares for GTE Solana Exchangeable Shares. This tax-deferral benefit may continue as long as such holders continue to hold the GTE Solana Exchangeable Shares and for so long as Exchangeco has not exercised its automatic redemption right, which right cannot (subject to specified limited exceptions) be exercised by Exchangeco prior to the five year anniversary of the Arrangement.

Holders of Solana Shares who are not resident in Canada for purposes of the *Income Tax Act* (Canada) will generally not be taxed in Canada with respect to the disposition of such shares under the Arrangement, provided that Solana Shares do not constitute taxable Canadian property to such holders.

U.S. Resident Holders (See page 167)

It is not clear whether a U.S. Solana Shareholder, as defined below in the section entitled Material U.S. Federal Income Tax Consequences of the Arrangement on page 167, that exchanges Solana Shares for shares of Gran Tierra common stock must recognize a gain or loss on the exchange. Provided specified conditions are satisfied, Gran Tierra

intends to take the position that the Arrangement qualifies as a reorganization. Generally, if the Arrangement qualifies as a reorganization no gain or loss would be recognized by a U.S. Solana Shareholder on the exchange of Solana Shares for shares of Gran Tierra common stock. If the Arrangement does not qualify as a reorganization, gain or loss will be recognized on the exchange. The amount of the gain or loss recognized would equal the difference between the fair market value of the Gran Tierra common stock received in the exchange at the date of such exchange and the U.S. Solana Shareholder's tax basis in the Solana Shares surrendered. The gain or loss recognized would be a capital gain or loss if the Solana Shares were held as a capital asset at the time of the exchange. Provided the Solana Shares were held for more than one year at the time of their exchange, gain recognized would qualify for taxation at preferential long-term capital gain rates. The recognition and the deduction of capital losses are subject to limitations. The tax consequences of the exchange may be significantly altered if Solana was a passive foreign investment company at anytime when the U.S. Solana Shareholder held the Solana Shares surrendered in the exchange. U.S. Solana Shareholders in special circumstances, such as those receiving GTE-Solana Exchangeable Shares for their Solana Shares, should consult their tax advisors to determine the tax consequences of the transaction to them.

For a description of the material federal income tax consequences of the Arrangement, see [Material U.S. Federal Income Tax Consequences of the Arrangement](#) .

Risk Factors (See page [23](#))

As in any significant business combination transaction, there are a number of risk factors to consider in connection with the Arrangement that are described in the section of this Joint Proxy Statement entitled [Risk](#)

17

TABLE OF CONTENTS

Factors beginning on page [23](#), or incorporated by reference herein as described in the sections entitled [Documents Incorporated By Reference](#) beginning on page [145](#) and [Gran Tierra Documents Incorporated By Reference](#) on page [231](#). Securityholders should carefully consider all such risk factors in evaluating whether to approve the Arrangement, in the case of Solana Securityholders, and whether to approve the Gran Tierra proposals as described above, in the case of Gran Tierra stockholders.

Summary Pro Forma and Historical Financial Data (See pages [89](#) and [103](#))

Summary Unaudited Pro Forma Combined Financial Data

The following tables set forth certain selected pro forma consolidated financial information. Such information should be read in conjunction with the unaudited pro forma consolidated financial statements of Gran Tierra after giving effect to the Arrangement for the six months ended June 30, 2008 and as at and for the year ended December 31, 2007 beginning on page [189](#) in this Joint Proxy Statement.

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated financial statements. The pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or of the results expected in future periods.

(Dollars in Thousands Except per Share Amounts)	Year Ended December 31, 2007	Six Months Ended June 30, 2008
Statement of Operations Data		
Revenues and other income		
Oil and natural gas sales	\$ 50,147	\$ 101,731
Interest	1,516	1,172
Total revenues	51,663	102,903
Expenses		
Operating	14,418	12,049
Depletion, depreciation and accretion	29,991	40,695
General and administrative	29,001	15,321
Liquidated damages	7,367	
Derivative financial instruments	3,040	7,462
Foreign exchange loss	18,872	10,562
Total expenses	102,689	86,089
Income (loss) before income tax	(51,026)	16,814
Income tax	5,051	(8,576)
Net income (loss)	\$ (45,975)	\$ (8,238)
Net income (loss) per common share basic	\$ (0.21)	\$ 0.04
Net income (loss) per common share diluted	\$ (0.21)	\$ 0.03

18

TABLE OF CONTENTS

(Dollars in Thousands Except per Share Amounts)	Year Ended December 31, 2007	Six Months Ended June 30, 2008
Balance Sheet Data		
Cash and cash equivalents		\$ 96,328
Working capital (including cash)		93,800
Oil and gas properties		873,595
Deferred tax asset long term		684
Total assets		1,060,137
Deferred tax liability long term		215,510
Other long-term liabilities		7,329
Shareholders equity		\$ 765,551

Summary Historical Consolidated Financial Data of Gran Tierra Under U.S. GAAP

The following table sets forth summary historical consolidated financial data for Gran Tierra as of and for each of the three years ended December 31, 2007 and as of and for the six months ended June 30, 2008 and 2007. The summary historical consolidated financial data has been presented in U.S. dollars under U.S. GAAP

The data set forth below should be read in conjunction with the consolidated financial statements and related notes incorporated by reference in this Joint Proxy Statement.

(Dollars in Thousands, Except per Share Amounts)	Year Ended December 31,			Six Months Ended June 30,	
	2007	2006	2005	2008	2007
	Statement of Operations Data				
Revenues and other income					
Oil and natural gas sales	\$31,853	\$11,721	\$1,059	\$53,791	\$7,935
Interest	425	352		172	332
Total revenues	32,278	12,073	1,059	53,963	8,267
Expenses					
Operating	10,474	4,233	395	6,253	4,106
Depletion, depreciation and accretion	9,415	4,088	462	8,464	4,701
General and administrative	10,232	6,999	2,482	8,774	4,619
Liquidated damages	7,367	1,528			7,367
Derivative financial instruments	3,040			7,462	677
Foreign exchange (gain) loss	(77)	371	(31)	(383)	(7)
Total expenses	40,451	17,219	3,308	30,570	21,463
Income (loss) before income tax	(8,173)	(5,146)	(2,249)	23,393	(13,196)
Income tax	(294)	(678)	29	(10,191)	1,474
Net Income (loss)	\$(8,467)	\$(5,824)	\$(2,220)	\$13,202	\$(11,722)
Net income (loss) per common share basic	\$(0.09)	\$(0.08)	\$(0.16)	\$0.13	\$(0.12)
Net income (loss) per common share diluted	\$(0.09)	\$(0.08)	\$(0.16)	\$0.11	\$(0.12)

19

TABLE OF CONTENTS

	Year Ended December 31,			Six Months Ended June 30,	
	2007 (As Restated) ⁽¹⁾	2006 (As Restated) ⁽¹⁾	2005	2008	2007
Statement of Cash Flows Data					
Operating activities	\$ 8,762	\$ 2,010	\$ (1,877)	\$ 12,422	\$ (3,689)
Investing activities	(15,393)	(48,207)	(9,108)	(11,764)	(10,569)
Financing activities	719	68,076	13,206	16,456	
(Decrease) Increase in cash	\$(5,912)	\$ 21,879	\$ 2,221	\$ 17,114	\$ (14,258)
Balance Sheet Data					
	At December 31,			At June 30,	
	2007	2006	2005	2008	2007
Cash and cash equivalents	\$ 18,189	\$ 24,101	\$ 2,221	\$ 35,303	\$ 9,842
Working capital (including cash)	8,058	14,541	2,765	31,699	7,154
Oil and gas properties	63,202	56,093	7,887	71,771	60,715
Deferred tax asset	2,058	444		1,832	496
Total assets	112,797	105,537	12,371	167,607	98,764
Deferred tax liability	(11,675)	(9,876)		(10,582)	(11,373)
Other long-term liabilities	(1,986)	(634)	(68)	(3,932)	(2,037)
Shareholders equity	\$(76,792)	\$(76,195)	\$(11,039)	\$(107,578)	\$(72,203)

As discussed in Note 13 to Gran Tierra's December 31, 2007 consolidated financial statements, cashflows from (1) operating activities and cash flows from investing activities have been restated as a result of a misclassification of accounts payable and accrued liabilities between the two categories.

20

TABLE OF CONTENTS

Summary Historical Consolidated Financial Data of Solana Under Canadian GAAP

The following table sets forth summary historical consolidated financial data for Solana as of and for each of the preceding five years ended December 31, 2007 and as of and for the six months ended June 30, 2007 and 2008. The summary historical consolidated financial data have been presented in U.S. dollars and under Canadian GAAP.

The data set forth below has been derived from, and should be read in conjunction with, the associated consolidated financial statements and related notes as filed on SEDAR.

	Year Ended December 31,					Period Ended June 30,	
	2003	2004	2005	2006	2007	2007	2008
Statement of Operations Data							
Revenues and other income							
Sales	\$	\$	\$6,010,571	\$8,561,235	\$17,441,340	\$2,383,884	\$47,921,940
Natural gas sales		350,864	749,930	919,676	853,049	417,584	18,403
Interest	2,468	132,892	714,397	1,531,032	1,091,321	470,399	999,774
Other revenues	2,468	483,756	7,474,898	11,011,943	19,385,710	3,271,867	48,940,120
Expenses							
Operating		394,327	1,454,204	3,123,305	3,944,131	1,474,253	6,051,140
Depletion, impairment, depreciation and accretion	274,626	1,246,080	4,809,927	35,163,420	5,789,093	2,212,543	6,478,965
General and administrative	121,946	964,060	2,849,913	4,602,952	5,129,153	2,380,267	2,811,552
Stock-based compensation		938,946	1,801,780	3,029,830	13,640,012	2,825,074	3,480,991
Foreign exchange (gain) loss	39,255	428,204	(203,808)	(2,145,686)	77,290	224,888	(248,301)
Other expenses	435,827	3,971,617	10,712,016	43,773,821	28,579,679	9,177,425	18,574,340
Income (loss) before income tax expense	(433,359)	(3,487,861)	(3,237,118)	(32,761,878)	(9,193,969)	(5,845,558)	30,365,770
Income tax expense (recovery)		153,238	213,552	(5,153,272)	89,257	89,257	3,119,646
Income (loss)	\$(433,358)	\$(3,641,099)	\$(3,450,670)	\$(27,608,606)	\$(9,283,226)	\$(5,934,815)	\$27,246,120
Income (loss) per common share - basic	\$(0.02)	\$(0.05)	\$(0.05)	\$(0.34)	\$(0.09)	\$(0.06)	\$0.21
Income (loss) per common share - diluted	\$(0.02)	\$(0.05)	\$(0.05)	\$(0.34)	\$(0.09)	\$(0.06)	\$0.22
Statement of Cash Flows Data							
Operating activities	\$(102,014)	\$2,514,525	\$5,453,812	\$7,114,937	\$12,893,927	\$(1,484,716)	\$23,680,150
Investing activities	(246,536)	(14,855,544)	(32,184,351)	(29,112,940)	(31,908,116)	(12,595,370)	(28,076,900)
Financing activities	2,975,856	54,473,335	1,068,660	34,428,044	57,348,910	23,711	6,259,129
Foreign exchange gain (loss)		169,776	270,000	(300,000)	19,676	58,156	1,644
(Decrease) Increase in cash	\$2,627,306	\$42,302,092	\$(25,391,879)	\$12,130,041	\$38,354,397	\$(13,998,219)	\$1,863,940

TABLE OF CONTENTS**Summary Historical Consolidated Financial Data of Solana Under U.S. GAAP**

The following table sets forth summary historical consolidated financial data for Solana as of and for each of the two years ended December 31, 2007 and as of June 30, 2008 and for the six months ended June 30, 2007 and 2008. The summary historical consolidated financial data have been presented in U.S. dollars and adjusted to U.S. GAAP.

The data set forth below has been derived from, and should be read in conjunction with, the consolidated financial statements and related notes thereto after applying the appropriate adjustments to U.S. GAAP, as included in Note 20 to the consolidated financial statements included at page 228 of this Joint Proxy Statement and Note 15 of the interim consolidated financial statements included at page 208 of this Joint Proxy Statement.

	Year Ended December 31,		Six Months Ended June 30,	
	2006	2007	2008	2007
Statement of Operations Data				
Revenues and other income				
Oil sales	\$8,561,235	\$17,441,340	\$47,922,240	\$2,383,885
Natural gas sales	919,676	853,049	18,108	417,583
Interest	1,531,032	1,091,321	999,774	470,399
Total revenues	11,011,943	19,385,710	48,940,122	3,271,867
Expenses				
Operating	3,123,305	3,944,131	6,051,140	1,474,253
Depletion, impairment, depreciation and accretion	43,078,099	4,593,556	5,759,965	1,571,543
General and administrative	4,602,952	5,129,153	2,811,552	2,380,667
Stock-based compensation	3,029,830	13,640,012	3,480,991	2,825,074
Foreign exchange (gain) loss	(2,145,686)	77,290	(248,301)	224,888
Total expenses	51,688,500	27,384,142	17,855,347	8,476,425
Income (loss) before income tax	(40,676,557)	(7,998,432)	31,084,775	(5,204,558)
Income tax expense (recovery)	(5,153,272)	89,257	242,646	89,257
Net income (loss)	\$(35,523,285)	\$(8,087,689)	\$30,842,129	\$(5,293,815)
Net income (loss) per common share basic	\$(0.43)	\$(0.08)	\$0.25	\$(0.06)
Net income (loss) diluted	\$(0.43)	\$(0.08)	\$0.24	\$(0.06)
Statement of Cash Flows Data				
Operating activities	\$(799,742)	\$14,089,464	\$23,680,156	\$(1,484,716)
Investing activities	(21,198,261)	(33,103,653)	(28,076,989)	(12,571,659)
Financing activities	34,428,044	57,348,910	6,259,129	
Foreign exchange gain (loss)	(300,000)	19,676	1,644	58,156
Increase in cash	\$12,130,041	\$38,354,397	\$1,863,940	\$(13,998,219)

At December 31,

Six Months
Ended June

	2006	2007	30, 2008
Balance Sheet Data			
Cash and cash equivalents	\$29,909,168	\$71,537,827	\$73,401,767
Working capital (including cash)	37,106,929	70,974,442	88,303,377
Oil and gas properties	43,679,601	72,525,024	94,210,728
Total assets	87,981,954	157,203,251	205,278,142
Other long-term liabilities	1,556,823	1,973,938	2,134,858
Shareholders' equity	\$83,020,523	\$145,921,756	\$186,503,426

22

TABLE OF CONTENTS

RISK FACTORS

In deciding how to vote on the Arrangement and related matters described in this Joint Proxy Statement, you should consider the following risk factors in addition to (i) the risk factors set forth in Gran Tierra's most recent Quarterly Report on Form 10-Q, as filed with the SEC, and (ii) the risk factors set forth in Solana's most recent Annual Information Form, as filed on SEDAR.

Risks Relating to the Arrangement

The combined company may not be as successful as expected.

In evaluating the terms of the transaction, Gran Tierra and Solana each analyzed their respective businesses and made numerous assumptions concerning their respective future operations. A key assumption was that the transaction would result in a combined entity with operating results that would be substantially better than those recently experienced by either of the constituent companies. These operating results may not be achieved.

There is a risk that the arrangement may be a taxable event for U.S. Solana Shareholders.

U.S. Solana Shareholders who participate in the Arrangement will receive shares of Gran Tierra common stock in exchange for their Solana Shares. A U.S. Solana Shareholder generally will recognize gain or loss on this exchange for U.S. federal income tax purposes unless the Arrangement qualifies as a reorganization. Notwithstanding that the Arrangement qualifies as a reorganization it may be necessary to recognize gain on the exchange if Solana is or has been a passive foreign investment company at any point in time when the U.S. Solana Shareholder held the Solana Shares. The Arrangement may qualify as a reorganization only if, among other requirements, the GTE-Solana Exchangeable Shares (along with certain voting and related rights) are treated as shares of Gran Tierra common stock for U.S. federal tax purposes. The status of Solana as a passive foreign investment company is determined separately for each U.S. Solana Shareholder and is based on the nature of Solana's income and assets for each taxable year in which the U.S. Solana Shareholder held the Solana Shares. No ruling from the Internal Revenue Service nor any legal opinion from U.S. counsel will be sought with respect to the issues of whether the Arrangement qualifies as a reorganization for U.S. federal tax purposes or whether Solana is or has been a passive foreign investment company, and there is the possibility of U.S. federal taxation of a U.S. Solana Shareholder's gain in the Solana shares upon the exchange pursuant to the Arrangement. If the Arrangement is a taxable exchange the recognition and the deductibility of losses may be subject to limitations.

A U.S. Solana Shareholder who exercises Dissent Rights in the Arrangement will have a taxable transaction for U.S. federal tax purposes.

For a description of the material federal income tax consequences of the Arrangement, see Material U.S. Federal Income Tax Consequences of the Arrangement .

The issuance of shares of Gran Tierra common stock to Securityholders of Solana in connection with the arrangement will be dilutive to existing Gran Tierra stockholders.

The proposed issuance of Gran Tierra common stock to Solana Securityholders in connection with the Arrangement will increase the total number of shares of Gran Tierra common stock outstanding. On a diluted basis, upon the consummation of the Arrangement, former Solana Securityholders will own approximately 49% of the combined company and the current Gran Tierra securityholders will own approximately 51% of the combined company. Increasing the number of shares of Gran Tierra common stock outstanding would have dilutive effects on the voting power of the current holders of Gran Tierra common stock. Other than the effects incidental to increasing the number of shares of Gran Tierra common stock outstanding, the proposed issuance of shares of common stock to Solana Securityholders would not affect the rights of the holders of Gran Tierra s currently outstanding common stock.

The issuance of shares of Gran Tierra common stock to Securityholders of Solana in connection with the arrangement will deplete Gran Tierra s authorized shares of common stock, and if Gran Tierra s Proposal 3 is not passed, Gran Tierra may not have sufficient shares to acquire other businesses or assets.

Following this transaction, and assuming Proposal 3 does not pass, the number of shares of Gran Tierra common stock outstanding or reserved for issuance under Gran Tierra s outstanding GTE-Goldstrike

23

TABLE OF CONTENTS

Exchangeable Shares, warrants and options will be approximately 270 million shares, leaving only approximately 30 million shares available to use for the purpose of acquiring additional businesses or assets. If Proposal 3 does not pass Gran Tierra may not have sufficient shares of its common stock authorized and available for issuance to acquire additional businesses without a vote of its stockholders, which could delay or prevent the consummation of additional transactions.

Potential future sale of shares of Gran Tierra common stock could affect its market price.

Some of the current Solana Securityholders may want to liquidate their investment in the combined company following the combination. The sale of a significant number of shares of Gran Tierra common stock by these Solana Securityholders could have a negative impact upon the stock price of the Gran Tierra common stock, particularly in the short term.

The combined company's future operating results may fluctuate, which could result in a lower price for its common stock.

The market price of the Gran Tierra common stock may, following the consummation of the Arrangement, decline below the levels currently prevailing. The market price of Gran Tierra's common stock may be adversely affected by numerous factors, including:

actual or anticipated fluctuations in its operating results;
changes in financial estimates by securities analysts; and
general market conditions and other factors.

Gran Tierra's future operating results may fluctuate significantly depending upon a number of factors, including the level of oil and gas drilling activity and general industry conditions. See *Risks Relating to the Operations of the Combined Company* and *Risks Relating to The Combined Company's Industry* below.

The rights and privileges of Gran Tierra common stock are different from the rights and privileges of Solana shares.

Pursuant to the Arrangement, Solana Securityholders may receive shares in the common stock of Gran Tierra. Solana is a corporation governed by the laws of Alberta and Gran Tierra is a corporation governed by the laws of Nevada. While the rights and privileges of shareholders of an Alberta corporation are, in many instances, comparable to those of stockholders of a Nevada corporation, there are numerous differences that a Solana Securityholder may find disadvantageous. See *Comparison of Stockholder Rights* on page 147.

Integration of the combined company's personnel and financial controls may be more difficult than expected, which could strain the combined company's operations.

The combined company will need to integrate its personnel, accounting and other systems, and operations. This can be difficult to do and will require significant management and other resources. For example, the combined company will be subject to the requirements of the United States Sarbanes-Oxley Act of 2002, or the *Sarbanes-Oxley Act*, to which Solana has not been subject. If there are difficulties in integrating Solana's systems into the Gran Tierra systems so that the combined company cannot meet all of its requirements under the Sarbanes-Oxley Act, this could cause a significant diversion of management's attention from running the business, may cause the combined company to report one or more material weaknesses in its internal control over financial reporting, may cause other failures to comply with the Sarbanes-Oxley Act, or may be expensive in legal, financial or other costs to cause the combined company to become compliant, any of which could be time-consuming or costly and may also place undue strain on the personnel, systems and resources of the combined company and cause the stock price of the combined company to decline.

TABLE OF CONTENTS

Risks Relating to the Operations of the Combined Company

The combined company's operations will be highly concentrated in Colombia.

Gran Tierra's current business focuses on the oil and gas industry in a limited number of properties in Colombia, Argentina and Peru, with the majority of the focus in Colombia. Solana's current business consists exclusively of the exploration and development of oil and gas properties in Colombia. As a result, the combined company's operations will be highly concentrated in Colombia. The combined company intends to expand into other countries, but initially 90% of the combined company's proved oil and gas reserves and 95% of its production is expected to be in Colombia. There are risks specific to the Colombia operations, as well as general risks associated with the South American oil and gas industry, which are described in more detail below in "Risks Related to The Combined Company's Industry." Larger companies have the ability to manage these types of risks through diversification. However, the combined company will lack diversification, both in terms of the nature and geographic scope of its business. As a result, factors affecting the oil and gas industry or the regions in which it operates will likely impact it more acutely than if the combined company's business was more diversified.

Unanticipated problems in the combined company's operations may harm its business and its viability.

If the combined company's operations in South America are disrupted and/or the economic integrity of these projects is threatened for unexpected reasons, its business may be harmed. These unexpected events may be due to technical difficulties, operational difficulties which impact the production, transport or sale of the combined company's products, security risks related to guerrilla activities, geographic and weather conditions, political changes, business reasons or otherwise. Prolonged problems may threaten the commercial viability of its operations.

The combined company's oil sales will depend on a relatively small group of customers, which could adversely affect its financial results.

The bulk of oil sales in Colombia are made to Ecopetrol, a government agency, with the remainder sold to Meta Petroleum, a subsidiary of Pacific Rubiales, a Canadian public company. While oil prices in Colombia are related to international market prices, lack of competition for sales of oil may diminish prices and depress the financial results of the combined company.

The entire Argentine domestic refining market is small and export opportunities are limited by available infrastructure. As a result, the combined company's oil sales in Argentina will depend on a relatively small group of customers, and currently, on two customers in country. During 2007, Gran Tierra sold all of its production in Argentina to Refiner S.A. The lack of competition in this market could result in unfavorable sales terms which, in turn, could adversely affect the combined company's financial results. Currently, all operators in Argentina are operating without sales contracts. The combined company will not have any certainty as to when the situation will be resolved or what the final outcome will be.

Risks Related to the Combined Company's Industry

The combined company's exploration for oil and natural gas is risky and may not be commercially successful, impairing its ability to generate revenues from its operations.

Oil and natural gas exploration involves a high degree of risk. These risks are more acute in the early stages of exploration. The combined company's exploration expenditures may not result in new discoveries of oil or natural gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program

due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. If exploration costs exceed the combined company's estimates, or if its exploration efforts do not produce results which meet its expectations, its exploration efforts may not be commercially successful, which could adversely impact its ability to generate revenue from its operations.

25

TABLE OF CONTENTS

The combined company may not be able to develop oil and gas reserves on an economically viable basis, and its reserves and production may decline as a result.

To the extent that the combined company succeeds in discovering oil and/or natural gas, reserves may not be capable of production levels it projects or in sufficient quantities to be commercially viable. On a long-term basis, the combined company's viability will depend on its ability to find or acquire, develop and commercially produce additional oil and gas reserves. Without the addition of reserves through exploration, acquisition or development activities, its reserves and production will decline over time as reserves are produced. The combined company's future reserves will depend not only on its ability to develop then-existing properties, but also on its ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas it develops and to effectively distribute its production into its markets.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. The combined company may not be able to optimally manage these conditions, and it will not be able to eliminate them completely in any case. Therefore, these conditions could diminish revenue and cash flow levels of the combined company and result in the impairment of its oil and natural gas interests.

Estimates of oil and natural gas reserves may be inaccurate and the combined company's actual revenues may be lower than its financial projections.

The combined company will make estimates of oil and natural gas reserves, upon which it will base its financial projections. It will make these reserve estimates using various assumptions, including assumptions as to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Some of these assumptions are inherently subjective, and the accuracy of its reserve estimates rely in part on the ability of its management team, engineers and other advisors to make accurate assumptions. Economic factors beyond its control, such as interest and exchange rates, will also impact the value of its reserves. The process of estimating oil and gas reserves is complex, and will require the combined company to use significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each property. As a result, the combined company's reserve estimates will be inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those it estimates. If actual production results vary substantially from the

The combined company's exploration for oil and natural gas is risky and may not be commercially successful, impacting

combined company's reserve estimates, this could materially reduce its revenues and result in the impairment of its oil and natural gas interests.

If oil and natural gas prices decrease, the combined company may be required to take write-downs of the carrying value of its oil and natural gas properties.

The combined company will follow the full cost method of accounting for its oil and gas properties. A separate cost center is maintained for expenditures applicable to each country in which it will conduct exploration and/or production activities. Under this method, the net book value of properties on a country-by-country basis, less related deferred income taxes, may not exceed a calculated *ceiling*. The ceiling is the estimated after tax future net revenues from proved oil and gas properties, discounted at 10% per year. In calculating discounted future net revenues, oil and natural gas prices in effect at the time of the calculation are held constant, except for changes which are fixed and determinable by existing contracts. The net book value is compared to the ceiling on a quarterly basis. The excess, if any, of the net book value above the ceiling is required to be written off as an expense. Under SEC full cost accounting rules, any write-off recorded may not be reversed even if higher oil and natural gas prices increase the ceiling applicable to future periods. Future price decreases could result in reductions in the carrying value of such assets and an equivalent charge to earnings.

26

TABLE OF CONTENTS

Drilling new wells could result in new liabilities, which could endanger the combined company's interests in its properties and assets.

There are risks associated with the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, craterings, sour gas releases, fires and spills. The occurrence of any of these events could significantly reduce the combined company's revenue or cause substantial losses, impairing its future operating results. It may become subject to liability for pollution, blow-outs or other hazards. It will obtain insurance with respect to these hazards, but such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. The payment of such liabilities could reduce the funds available to the combined company or could, in an extreme case, result in a total loss of its properties and assets. Moreover, the combined company may not be able to maintain adequate insurance in the future at rates that are considered reasonable. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Guerrilla activity in Colombia could disrupt or delay the combined company's operations and jeopardize its operations and personnel in Colombia.

A 40-year armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups both funded by the drug trade continues in Colombia. Insurgents continue to attack civilians and violent guerrilla activity continues in many parts of the country.

Gran Tierra, through its acquisition of Argosy Energy International, has interests in two regions of Colombia in the Middle Magdalena and the Putumayo regions. The Putumayo region has been prone to guerrilla activity in the past. In 1989, Argosy's facilities in one field were attacked by guerrillas and operations were briefly disrupted. Pipelines have also been targets, including the Trans-Andean export pipeline which transports oil from the Putumayo region. In March and April of 2008, sections of one of the Ecopetrol pipelines were blown up by guerrillas, which temporarily reduced Gran Tierra's deliveries to Ecopetrol in the first quarter of 2008. Ecopetrol was able to restore deliveries

Estimates of oil and natural gas reserves may be inaccurate and the combined company's actual revenues may be

within one to two weeks of these attacks and currently there are no interruptions to Gran Tierra's deliveries.

Solana has interests in four regions of Colombia: the Llanos, lower Magdalena, Putumayo and Catatumbo basins. Solana's large Catguas block is located in the Catatumbo basin. This basin borders Venezuela and has historically been an area of high security risk where there continues to be guerrilla activity.

Continuing attempts to reduce or prevent guerrilla activity may not be successful and guerrilla activity may disrupt the combined company's operations in the future. The combined company may not be able to maintain the safety of its operations and personnel in Colombia and this violence may affect its operations in the future. Continued or heightened security concerns in Colombia could also result in a significant loss to the combined company.

27

TABLE OF CONTENTS

CAUTIONARY STATEMENT ABOUT FORWARD LOOKING STATEMENTS

Cautionary Statement About Forward Looking Statements by Gran Tierra

This Joint Proxy Statement, including the documents incorporated by reference from filings made by Gran Tierra with the SEC, contains forward-looking statements within the meaning of Section 27A of the *United States Securities Act of 1933*, as amended, or the *Securities Act*, and Section 21E of the *United States Securities Exchange Act of 1934*, as amended, or the *Exchange Act*, regarding Gran Tierra. Statements regarding Gran Tierra's plans, goals, strategies, intent, beliefs or current expectations are forward-looking statements regarding Gran Tierra. These statements are expressed by Gran Tierra in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished. These forward looking statements can be identified by the use of terms and phrases such as believe, plan, intend, anticipate, target, estimate, expect, and the like future-tense or conditional constructions may, could, should, etc. Items contemplating or making assumptions about, actual or potential future sales, discoveries, developments, market size, collaborations, and trends or operating results also constitute such forward-looking statements.

Although forward-looking statements made by Gran Tierra in this Joint Proxy Statement reflect the good faith judgment of Gran Tierra's management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Joint Proxy Statement. Gran Tierra assumes no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this proxy statement, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by Gran Tierra in its reports filed with the SEC which attempt to advise interested parties of the risks and factors that may affect Gran Tierra's business, financial condition, results of operations and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, Gran Tierra's actual results may vary materially from those expected or projected.

Cautionary Statement About Forward Looking Statements for Solana

Certain statements contained in this Joint Proxy Statement, including the documents incorporated by reference, may constitute forward-looking statements for Solana. These statements relate to future events or Solana's future performance. All statements other than statements of historical fact may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as seek, anticipate, plan, continue, estimate, expect, may, will, project, predict, potential, targeting, intend, could, and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Solana believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Joint Proxy Statement should not be unduly relied upon by investors. These statements speak only as of the date of this Joint Proxy Statement and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this Joint Proxy Statement, and the documents incorporated by reference, contain forward-looking statements, pertaining to the following:

projections of market prices and costs;
supply and demand for oil and natural gas;
the quantity of reserves;
oil and natural gas production levels;
capital expenditure programs;
treatment under governmental regulatory and taxation regimes; and

28

TABLE OF CONTENTS

expectations regarding Solana's ability to raise capital and to continually add to reserves through acquisitions and development.

With respect to forward-looking statements contained in this Joint Proxy Statement, and the documents incorporated by reference, Solana has made assumptions regarding, among other things:

the Colombian legislative and regulatory environment;
the impact of increasing competition; and
Solana's ability to obtain additional financing on satisfactory terms.

Solana's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Joint Proxy Statement:

volatility in the market prices for oil and natural gas;
uncertainties associated with estimating reserves;
geological, technical, drilling and processing problems;
liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
incorrect assessments of the value of acquisitions;
competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; and
the other factors referred to under Risk Factors.

The forward-looking statements or information contained in this Joint Proxy Statement are made as of the date hereof and Solana undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

TABLE OF CONTENTS

INFORMATION ABOUT THE MEETINGS AND VOTING

The Gran Tierra Special Meeting Information for Gran Tierra Stockholders

Why am I receiving these materials?

We have sent you this Joint Proxy Statement and the enclosed proxy card because the Gran Tierra Board is soliciting your proxy to vote at the Gran Tierra Special Meeting. You are invited to attend the Gran Tierra Special Meeting to vote on the proposals described in this Joint Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the Internet.

We intend to mail this Joint Proxy Statement and accompanying proxy card on or about October 16, 2008 to all stockholders of record entitled to vote at the Gran Tierra Special Meeting.

The Gran Tierra Special Meeting is to be held on November 14, 2008 at 9:00 a.m., Mountain Time, at Lougheed House, 707 13th Avenue S.W., Calgary, Alberta, Canada.

Who can vote at the Gran Tierra Special Meeting?

Only stockholders of record at the close of business on September 15, 2008 will be entitled to vote at the Gran Tierra Special Meeting. On this record date, there were 104,595,774 shares of common stock outstanding and entitled to vote, and one share of Special Voting Stock outstanding. On the record date, the share of Special Voting Stock was entitled to 10,984,126 votes, which equals the number of shares of common stock issuable upon exchange of the GTE-Goldstrike Exchangeable Shares that were issued in connection with the transaction between the former shareholders of Gran Tierra Energy Canada and Goldstrike, Inc., a Nevada corporation, which came to be known as the current Gran Tierra Energy Inc. as a result of that transaction.

Stockholder of Record: Shares Registered in your Name

If on September 15, 2008 your shares of Gran Tierra common stock were registered directly in your name with Gran Tierra's transfer agent, Computershare Trust Company, N.A., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on September 15, 2008 your shares of Gran Tierra common stock were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the Gran Tierra Special Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the

shares in your account. You are also invited to attend the Gran Tierra Special Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

Stockholders Holding GTE-Goldstrike Exchangeable Shares

Holders of GTE-Goldstrike Exchangeable Shares are entitled to instruct the Goldstrike Trustee as to how to vote their GTE-Goldstrike Exchangeable Shares. The Goldstrike Trustee holds the one currently outstanding share of Special Voting Stock, which is entitled to as many votes as there are outstanding GTE-Goldstrike Exchangeable Shares on the record date, and may only vote the share of Special Voting Stock as directed by the holders of GTE-Goldstrike Exchangeable Shares. Holders of GTE-Goldstrike Exchangeable Shares who do not hold their GTE-Goldstrike Exchangeable Shares in their own name are not entitled to instruct the Goldstrike Trustee as to how to exercise voting rights at the Gran Tierra Special Meeting. Only holders of GTE-Goldstrike Exchangeable Shares whose names appear on the records of Gran Tierra as the registered holders of GTE-Goldstrike Exchangeable Shares are entitled to instruct the Goldstrike Trustee as to how to exercise voting rights in respect of their GTE-Goldstrike Exchangeable Shares at the Gran Tierra Special Meeting. Holders of GTE-Goldstrike Exchangeable Shares may also obtain a proxy from the Goldstrike Trustee to vote their GTE-Goldstrike Exchangeable Shares at the Gran Tierra Special Meeting. Holders of GTE-Goldstrike Exchangeable Shares should follow the instructions sent to them by the Goldstrike Trustee in order to exercise their voting rights.

30

TABLE OF CONTENTS

What am I voting on?

There are five matters scheduled for a vote:

to approve the issuance of shares of Gran Tierra common stock to be issued in connection with the acquisition of the outstanding securities of Solana;

to approve an amendment to Gran Tierra's articles of incorporation to create a new special voting share to enable the GTE-Solana Exchangeable Shares to be issued in the transaction to vote, as well as to make several technical changes;

to approve an amendment to Gran Tierra's articles of incorporation to increase the total number of shares of common stock authorized by 300,000,000;

to approve an amendment to Gran Tierra's articles of incorporation to change the board voting requirement for issuance of common stock from unanimous to a simple board action; and

to approve Gran Tierra's 2007 Equity Incentive Plan, as amended and restated, to increase the number of shares available for issuance thereunder from 9,000,000 shares to 18,000,000 shares.

How do I vote?

For each of the matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are as follows:

Stockholder of Record: Shares Registered in your Name

Whether or not you plan to attend the Gran Tierra Special Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Gran Tierra Special Meeting and vote in person even if you have already voted by proxy. If you are a stockholder of record, you may vote in person at the Gran Tierra Special Meeting, vote by proxy using the enclosed proxy card or vote by proxy on the Internet, as follows:

to vote in person, come to the meeting and we will give you a ballot when you arrive;
to vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us by 11:59 p.m., Eastern Time, on November 13, 2008, we will vote your shares as you direct; and

to vote on the Internet, go to <http://www.proxyvote.com> to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., Eastern Time, on November 13, 2008 to be counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Gran Tierra. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote over the Internet as instructed by your broker or bank. To vote in person at the Gran Tierra Special Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

Beneficial Owner: GTE-Goldstrike Exchangeable Shares

If you are a holder of GTE-Goldstrike Exchangeable Shares, you should have received voting instructions with these proxy materials from the Goldstrike Trustee, which is the holder of the share of Special Voting Stock. Follow the instructions from the Goldstrike Trustee, or contact the Goldstrike Trustee for further information. Instruments of proxy must be received by Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G OP6, by 11:59 p.m., Eastern Time, on November 13, 2008, or not less than 48 hours before the time for the holding of any adjournment of the meeting.

31

TABLE OF CONTENTS

Gran Tierra provides Internet proxy voting to holders of Gran Tierra common stock to allow you to vote your shares on-line, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of Gran Tierra common stock you own as of September 15, 2008, and one vote for each GTE-Goldstrike Exchangeable Share held as of September 15, 2008, with the votes of all outstanding GTE-Goldstrike Exchangeable Shares being represented by the one share of Special Voting Stock of Gran Tierra. Holders of GTE-Goldstrike Exchangeable Shares should follow the instructions sent to them by the Goldstrike Trustee in order to exercise their voting rights.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted For the issuance of the shares of Gran Tierra common stock contemplated to consummate the Arrangement, For the amendment to Gran Tierra's articles of incorporation to create a new special voting share to enable the GTE-Solana Exchangeable Shares to vote as well as to make several technical changes, For the amendment of Gran Tierra's articles of incorporation to increase the number of shares of common stock authorized, For the amendment to Gran Tierra's articles of incorporation to change the board voting requirement for issuance of common stock from unanimous to a

simple board action, and For the approval of Gran Tierra's 2007 Equity Incentive Plan, as amended and restated, to increase the number of shares available for issuance under the plan. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

Gran Tierra will pay for the entire cost of soliciting Gran Tierra proxies. In addition to these mailed proxy materials, the directors and employees of Gran Tierra may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies but The Altman Group will be paid its customary fee of approximately \$5,500 plus out-of-pocket expenses if it solicits proxies for Gran Tierra. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

you may submit another properly completed later-dated proxy card, or vote again over the Internet; you may send a timely written notice that you are revoking your proxy to Gran Tierra at 300, 611 - 10th Avenue, S.W., Calgary, Alberta, Canada, T2R 0B2, attention: Secretary; or you may attend the meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy. If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

If you are a holder of GTE Goldstrike Exchangeable Shares, you should follow the instructions provided by the Goldstrike Trustee.

32

TABLE OF CONTENTS

How many votes are needed to approve each proposal?

The voting requirements are as follows:

to be approved, Proposal 1, the approval of issuance of Gran Tierra common stock pursuant to the Arrangement, must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Gran Tierra Special Meeting and entitled to vote. Broker non-votes will have no effect and abstentions will have the same effect as

Against votes;

to be approved, Proposal 2, the amendment to Gran Tierra's articles of incorporation to create a new special voting share to enable the GTE-Solana Exchangeable Shares to vote, as well as to make several technical changes, must receive a For vote from:

What if I return a proxy card but do not make specific choices?

50

the holders of shares of Gran Tierra common stock and GTE-Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the combined voting power of the total number of outstanding shares of Gran Tierra common stock and GTE Goldstrike Exchangeable Shares; and

the holders of shares of GTE-Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the voting power of the total number of outstanding shares of GTE-Goldstrike Exchangeable Shares.

Broker non-votes and abstentions will have the same effect as Against votes;

each of Proposal 3, the amendment to Gran Tierra's articles of incorporation to increase the number of shares of Gran Tierra common stock authorized for issuance, and Proposal 4, the change in the board voting requirement for the issuance of common stock, must receive a For vote from the holders of shares of Gran Tierra common stock and GTE-Goldstrike Exchangeable Shares entitling them to exercise at least a majority of the combined voting power of the total number of outstanding shares of Gran Tierra common stock and GTE-Goldstrike Exchangeable Shares to be approved. Broker non-votes and abstentions will have the same effect as Against votes; and

to be approved, Proposal 5, the amendment and restatement of Gran Tierra's 2007 Equity Incentive Plan, which increases the number of shares of common stock available under the Incentive Plan from 9,000,000 to 18,000,000 shares in the aggregate, must receive the affirmative vote of a majority of the shares present in person or represented by proxy at the Gran Tierra Special Meeting and entitled to vote. Broker non-votes will have no effect and abstentions will have the same effect as Against votes.

References to voting power of GTE-Goldstrike Exchangeable Shares refers to the voting power exercised through the Goldstrike Trustee, with respect to the GTE-Goldstrike Exchangeable Shares, whether by the Goldstrike Trustee or by proxy.

The directors and officers of Gran Tierra, together with their affiliates, hold 10.2% of the outstanding common stock of Gran Tierra (including GTE-Goldstrike Exchangeable Shares convertible into common stock of Gran Tierra), and 90.1% of the outstanding GTE-Goldstrike Exchangeable Shares.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding combined voting power of the Gran Tierra common stock and the Special Voting Stock (representing votes cast by the holders of GTE-Goldstrike Exchangeable Shares) are present at the meeting in person or represented by proxy. On September 15, 2008, the record date for the meeting, there were 104,595,774 shares of common stock held by 96 holders of record, and 10,984,126 shares of common stock issuable upon exchange of GTE-Goldstrike Exchangeable Shares and therefore entitled to vote through the share of Special Voting Stock held by 20 holders of record, outstanding and entitled to vote. Thus, the holders of 57,789,951 shares of common stock (including indirectly the GTE-Goldstrike Exchangeable Shares) must be present in person or represented by proxy at the meeting or by proxy to have a quorum.

Your shares will be counted toward the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. Abstentions and

TABLE OF CONTENTS

broker non-votes will be counted toward the quorum requirement. If there is no quorum, the chairman of the meeting or the holders of a majority of shares present at the meeting in person or represented by proxy must adjourn the meeting to another date.

When are stockholder proposals due for Gran Tierra's 2009 annual meeting?

To be considered for inclusion in the proxy materials for the Gran Tierra 2009 annual meeting of stockholders, stockholder proposals for actions for consideration at next year's annual meeting must be submitted in writing by January 16, 2009, to Martin Eden at 300, 611 - 10th Avenue, S.W., Calgary, Alberta, Canada, T2R 0B2 and must otherwise comply with the requirements of Rule 14a-8 of the Exchange Act; *provided, however*, that if the Gran Tierra 2009 annual meeting of stockholders is held before May 17, 2009 or after July 16, 2009, then the deadline is a reasonable amount of time prior to the date Gran Tierra begins to print and mail its proxy statement for the 2009 annual meeting of stockholders.

If you wish to submit a proposal for actions for consideration at next year's annual meeting, even though the proposal is not included in next year's proxy materials, you must do so between March 18, 2009 and April 17, 2009, unless the Gran Tierra 2009 annual meeting of stockholders is not held between May 17, 2009 and July 16, 2009, in which case notice must be received between 60 and 90 days prior to the meeting or no later than the date which is 10 days after notice of the meeting is first published by Gran Tierra. You are also advised to review Gran Tierra's bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Against votes, abstentions and broker non-votes. Abstentions will have the same effect as Against votes with respect to Proposals 1, 2, 3, 4 and 5. Broker non-votes will have the same effect as Against votes with respect to Proposals 2, 3 and 4 but will have no effect on Proposals 1 and 5.

What are broker non-votes ?

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Under the rules and interpretations of the New York Stock Exchange, or the *NYSE*, non-routine matters are generally those involving a contest or a matter that may substantially affect the rights or privileges of stockholders, such as mergers or stockholder proposals. All of the Gran Tierra proposals are non-routine matters.

How can I find out the results of the voting at the meeting?

Preliminary voting results will be announced at the meeting. Final voting results will be published in our Annual Report on Form 10-K for the year ending December 31, 2008.

The Solana Special Meeting Information for Solana Securityholders

The Solana Special Meeting is to be held on November 14, 2008 at 8:00 a.m., Mountain Time, at the Westin Calgary, 320 4th Avenue S.W., Calgary, Alberta, Canada.

Solicitation of Proxies

This solicitation is made on behalf of the management of Solana. The costs incurred in the preparation and mailing of both the form of proxy and this Joint Proxy Statement to Solana Securityholders will be borne by Solana.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by officers and employees of Solana or persons retained by Solana for that purpose. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a*

34

TABLE OF CONTENTS

Reporting Issuer, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of Solana Securities. The cost of solicitation will be borne by Solana. Solana will reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding this proxy material to the beneficial owners of Solana Securities. See *Advice To Non-Registered Shareholders* below. In addition to solicitation by mail, some officers, directors and employees of Solana may solicit proxies by telephone, other electronic means or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and/or officers of Solana. **A Solana Securityholder desiring to appoint a person (who need not be a Solana Securityholder) to represent such Solana Securityholder at the Solana Special Meeting other than the persons designated in the applicable accompanying form of proxy may do so either by inserting such person's name in the blank space provided in the appropriate form of proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to Valiant Trust Company, 310, 606 4th Street SW, Calgary, Alberta, T2P 1T1 or by fax to the attention of the Proxy Department at (403) 233-2857.** The applicable form of proxy must be received by Valiant Trust Company, as applicable, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the date of the Solana Special Meeting or any adjournment thereof. Unless waived by the Chairman of the Solana Special Meeting, failure to so deposit a form of proxy shall result in its invalidation.

A Solana Securityholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Solana Securityholder or by his attorney duly authorized in writing or, if the Solana Securityholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the above mentioned office of Valiant Trust Company on or before the last business day preceding the day of the Solana Special Meeting or any adjournment thereof or with the chairman of the Solana Special Meeting on the day of the Solana Special Meeting, or any adjournment thereof.

The Solana Board has fixed the record date for the Solana Special Meeting as at the close of business on September 25, 2008. Solana Securityholders of record as at the record date are entitled to receive notice of, to attend and to vote at the Solana Special Meeting, except to the extent a holder of Solana Shares transfers any of such securities after the Solana Record Date and the transferee of those Solana Shares establishes ownership of the Solana Shares, and demands, not later than 10 days before the Solana Special Meeting, that the transferee's name be included in the list of holders of Solana Shares entitled to vote, in which case such transferee shall be entitled to vote such Solana Shares at the Solana Special Meeting.

Signature of Proxy

The form of proxy must be executed by the Solana Securityholder or his attorney authorized in writing, or if the Solana Securityholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Solana).

Voting of Proxies

The persons named in the accompanying form of proxy will vote the Solana Securities in respect of which they are appointed in accordance with the direction of the Solana Securityholder appointing them. **In the absence of such direction, such Solana Securities will be voted FOR the approval of the Arrangement Resolution and any other matters to come before the Solana Special Meeting.**

Exercise of Discretion of Proxy

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Special Meeting, or *Solana Notice of Meeting*, and this Joint Proxy Statement and with respect to other matters that may properly come

35

TABLE OF CONTENTS

before the Solana Special Meeting. At the date of this Joint Proxy Statement, management of Solana know of no amendments, variations or other matters to come before the Solana Special Meeting other than the matters referred to in the Solana Notice of Meeting.

Advice to Non-Registered Shareholders

The information set forth in this section is of significant importance to a Solana Shareholder who does not hold Solana Shares in his own name. Solana Shareholders who hold their Solana Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold Solana Shares in their own name, referred to in this Joint Proxy Statement as *Solana Beneficial Shareholders*, should note that only proxies deposited by Solana Shareholders whose names appear on the records of Solana as the registered holders of Solana Shares can be recognized and acted upon at the Solana Special Meeting. If Solana Shares are listed in an account statement provided to a Solana Shareholder by a broker, then in almost all cases those shares will not be registered in the Solana Shareholder's name on the records of Solana. Such shares will more likely be registered under the name of the Solana Shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). In the United States, the majority of such shares are registered in the name of CEDE & Co., which company acts as a nominee for many U.S. brokerage firms. Solana Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Solana Beneficial Shareholder. Without specific instructions, brokers/nominees are generally prohibited from voting shares for their clients. The directors and officers of Solana do not know for whose benefit the shares registered in the name of CDS & Co. or CEDE & Co. or of other brokers/agents are held. **Therefore, each Solana Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Solana Special Meeting.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Solana Beneficial Shareholders in advance of the Solana Special Meeting. Brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries are likely to forward proxy solicitation materials to Solana Beneficial Shareholders and Solana may reimburse reasonable fees and disbursements incurred by them in doing so.

Intermediaries and your broker often have their own mailing procedures and provide their own return instructions, which you should carefully follow to ensure that your Solana Shares are voted at the Solana Special Meeting. The form of proxy supplied to you by your broker or other intermediary often appears substantially similar to the form of proxy provided to registered Solana Shareholders. However, its purpose is limited to instructing the registered Solana Shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc., or **Broadridge**. Broadridge typically mails a scannable voting instruction form in lieu of the form or proxy, referred to as the **Voting Instruction Form**. You are asked to complete and return the Voting Instruction Form to Broadridge by mail or facsimile. Alternately, you can call Broadridge's toll-free telephone number to vote your Solana Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of securities to be represented at the Solana Special Meeting. If you receive a Voting Instruction Form from Broadridge, please note that it cannot be used as a proxy to vote Solana Shares directly at the Solana Special Meeting; the form must be completed and returned to Broadridge well in advance of the Solana Special Meeting in order to have your Solana Shares voted. **If you have any questions respecting the voting of Solana Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

In any case, Solana Beneficial Shareholders should carefully follow the specific instructions of the intermediary from whom they received proxy materials for the Solana Special Meeting, including those regarding how, when and where the proxy or the proxy authorization form is to be completed and delivered. Failure to do so may result in your Solana Shares not being voted at the Solana Special Meeting.

Voting Entitlement

The Interim Order provides that Solana Securityholders of record at the close of business on the Solana Record Date are entitled to receive notice of, and attend and vote at, the Solana Special Meeting, except to the extent a holder of Solana Shares transfers any of such securities after the Solana Record Date and the

36

TABLE OF CONTENTS

transferee of those Solana Shares establishes ownership of the Solana Shares, and demands, not later than 10 days before the Solana Special Meeting, that the transferee's name be included in the list of holders of Solana Shares entitled to vote, in which case such transferee shall be entitled to vote such Solana Shares at the Solana Special Meeting. As at the Solana Record Date, a total of 126,426,792 Solana Shares, 3,945,000 Solana options and 7,500,000 Solana warrants were issued and outstanding for a total of 137,871,792 Solana Securities being issued and outstanding. Pursuant to the Interim Order, each Solana Securityholder is entitled to one vote for each Solana Security held and the Solana Securityholders will vote as one class.

Quorum

Pursuant to the Interim Order, a quorum for the transaction of business at the Solana Special Meeting in respect of holders of Solana Securities is at least one person present in person or by proxy and representing in the aggregate not less than 5% of the outstanding Solana Shares.

The Interim Order provides that if a quorum of the Solana Securityholders is not present within 30 minutes from the time fixed for holding the Solana Special Meeting, the Solana Special Meeting will be adjourned to the same day in the next week at the same time and place and no notice is required to be given with respect to such adjourned Solana Special Meeting. At the adjourned Solana Special Meeting, the Shareholders present in person or by proxy will form a quorum for that class and may transact the business for which the Solana Special Meeting was originally convened.

Voting Solana Securityholders and Principal Holders Thereof

To the knowledge of the directors and officers of Solana, as at the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control or direction, over more than 10 percent of the Solana Securities.

Procedure and Votes Required

Arrangement Resolution

The Interim Order provides that each Solana Securityholder at the close of business on the Solana Record Date will be entitled to receive notice of, and to attend and to vote at, the Solana Special Meeting. Each such Solana Securityholder will be entitled to vote in accordance with the provisions set out below, provided that, to the extent that a Solana Shareholder transfers the ownership of any Solana Shares after the Solana Record Date and the transferee of those Solana Shares establishes ownership of the Solana Shares and demands, not later than 10 days before the Solana Special Meeting, to be included in the list of Solana Shareholders entitled to vote at the Solana Special Meeting, such transferee will be entitled to vote those Solana Shares at the Solana Special Meeting.

Pursuant to the Interim Order:

each Solana Securityholder will be entitled to one vote at the Solana Special Meeting for each Solana Security held; the majority required to pass the Arrangement Resolution, shall be, subject to further order of the Court, not less than two-thirds of the votes cast, either in person or by proxy, at the Solana Special Meeting by each of the Solana Securityholders, voting as a single class; and the quorum at the Solana Special Meeting of the Solana Securityholders will be one person present in person or by proxy and holding or representing not less than 5 percent of the outstanding Solana Shares entitled to be voted at the Solana Special Meeting; and

if no quorum of Solana Securityholders is present within 30 minutes of the appointed time of the Solana Special Meeting a quorum is not present, the Solana Special Meeting shall stand adjourned to the same day in the next week if a business day and, if such day is a not a business day, the Solana Special Meeting shall be adjourned to the next business day following one week after the day appointed for the Solana Special Meeting at the same time and place, and if at such adjourned meeting a quorum is not present, the Solana Shareholders present shall be a quorum for all purposes.

37

TABLE OF CONTENTS

DESCRIPTION OF THE ARRANGEMENT

Overview of the Arrangement

Upon completion of the proposed transaction:

Solana will become an indirect, wholly-owned subsidiary of Gran Tierra;

Solana Shareholders will cease to be shareholders of Solana;

Solana Shareholders (other than Dissenting Shareholders) who make the appropriate election or, if no election is made, whose address on the Solana Share register on the business day preceding the Effective Date is not in Canada, will receive, for each Solana Share, 0.9527918 of a share of Gran Tierra common stock;

Solana Shareholders (other than Dissenting Shareholders) who are **eligible shareholders** (a Solana Shareholder is an **eligible shareholder** if it is either (i) resident in Canada for purposes of the *Income Tax Act* (Canada) or, (ii) a partnership that is a Canadian partnership for purposes of the *Income Tax Act* (Canada), and (iii) is not exempt from tax under Part I of the *Income Tax Act* (Canada)) and make the appropriate election (or who make no election and whose address on the Solana Share register on the business day preceding the Effective Date is in Canada) will receive, for each Solana Share, 0.9527918 of a GTE Solana Exchangeable Share;

each GTE Solana Exchangeable Share will have economic and voting rights equivalent to one share of Gran Tierra common stock and will be exchangeable, at the option of the holder, subject to some limitations, for one share of Gran Tierra common stock;

Solana Shares held by Dissenting Shareholders shall be deemed to have been transferred to Exchangeco (free of any claims) and cancelled, and the Dissenting Shareholders shall cease to have any rights as shareholders and will only have the right to be paid the fair value of their Solana shares; holders of Solana options and warrants do not have dissenter s rights;

each outstanding option to purchase a Solana Share will become fully vested as a result of the transaction and will be entitled to one or a combination of the following:

if the optionholder will be an employee, director, officer or consultant of the combined company, or a subsidiary of the combined company, and if so elected by the optionholder, be exchanged for 0.9527918 of an option to acquire a share of Gran Tierra common stock, with the exercise price being equal to the exercise price of the Solana option exchanged divided by 0.9527918, and converted to U.S. dollars.

if the optionholder does not meet the requirements or make the election to exchange the option for an option to purchase Gran Tierra common stock as described immediately above, but makes an exchange election with respect to any portion of such options held, then the options subject to that exchange election shall be deemed to have been surrendered to Solana before the completion of the Arrangement for the number of Solana Shares equal to, for each share subject to the Solana option, the fraction obtained by dividing (i) the Imputed Transaction Value less the exercise price of the Solana option, by (ii) the Imputed Transaction Value (the **Imputed Transaction Value** is the five day weighted trading price, ending on the seventh trading day before the Effective Date, on the TSX of a share of Gran Tierra common stock multiplied by 0.9527918); and

if the optionholder does not meet the requirements or make either of the elections described above in respect of any portion of the option, then the options held by that optionholder shall be deemed to have been surrendered to Solana before the transaction for cash in the amount of the Imputed Transaction Value less the exercise price of the Solana option; and

38

TABLE OF CONTENTS

each outstanding warrant to purchase a Solana Share will become fully vested as a result of the transaction and will be entitled to one or a combination of the following:

if the warrantholder elects to receive Solana Shares in exchange for any portion of such warrants prior to the completion of the Arrangement, then these warrants shall be deemed to have been surrendered to Solana before the transaction for the number of Solana Shares equal to, for each share subject to the warrant, the fraction obtained by dividing (i) the Imputed Transaction Value less CDN\$2.00, by (ii) the Imputed Transaction Value ;

if the warrantholder elects to receive cash in exchange for any portion of such warrants prior to the transaction, then these warrants shall be deemed to have been surrendered to Solana before the transaction for a cash payment, for each share subject to the warrant, equal to the Imputed Transaction Value less CDN\$2.00; and

if the warrantholder does not make either of the elections described immediately above for any portion of such warrants, then these warrants held by that warrantholder shall entitle the holder to purchase shares of Gran Tierra

common stock in accordance with the terms of the warrants.

Background of the Arrangement

The respective boards of directors and management of Gran Tierra and Solana periodically review their strategic objectives with a view to ensuring that shareholder value is maximized. Each company frequently considers both acquisition and joint venture opportunities involving other participants in the oil and gas sector.

Beginning in April of 2007, Gran Tierra and Solana engaged in preliminary discussions regarding a possible business combination of the two companies, which potential transaction Gran Tierra code named Project Puerto Madero. During the course of these discussions, Gran Tierra engaged Westwind Partners to represent Gran Tierra, and Solana engaged Tristone to represent Solana, in Project Puerto Madero. On July 26, 2007, Gran Tierra and Solana entered into a confidentiality agreement to enable the two companies to disclose confidential information to each other, including operational, engineering, reserves and financial information, to better value potential benefits and synergies which could be obtained by combining the two companies. Discussions and due diligence did not advance past preliminary stages. In November 2007, the companies determined not to proceed with Project Puerto Madero, and terminated discussions regarding a potential combination of the two companies.

On May 4, 2008, Blackmont approached Jeffrey Scott, the Chairman of Gran Tierra, respecting his current views on considering discussions with Solana and pursuing a business combination transaction. Following this discussion, on May 6, 2008, Blackmont independently contacted Stan Grad, a shareholder and director of Solana, and on May 14, 2008, Blackmont met with Scott Price, the Chief Executive Officer of Solana, for the purposes of determining whether there might be sufficient interest to pursue meaningful discussions respecting the potential benefits that could be achieved by combining the businesses of Gran Tierra and Solana. After receiving a generally favorable response from these high-level conversations, Blackmont had further discussions with Gran Tierra respecting formally pursuing a potential combination of the two companies.

During the period May 11 to May 15, 2008, Mr. Scott and Dana Coffield, the Chief Executive Officer and President of Gran Tierra, attended an international energy conference in Paris, France, and became aware of rumors of a potential third-party offer to be made to acquire Solana. At this time, Messrs. Scott and Coffield discussed the possibility of a combination with Solana, and agreed to present this idea to the Gran Tierra Board.

On May 20, 2008, Mr. Scott discussed with Blackmont his views on the potential transaction, the perceived likelihood of the transaction proceeding and its anticipated reception in the marketplace.

On May 23, 2008, Mr. Scott met with Ray Antony, the Chairman of Solana, who confirmed Solana's interest in pursuing a combination of the two companies. Each of Mr. Scott and Mr. Antony agreed to consult with their respective boards and, assuming general board support was obtained, to proceed to formally retain financial advisors and further exchange relevant business information.

39

TABLE OF CONTENTS

On May 25, 2008, Mr. Scott outlined the general concept of the combination of the two companies to the Gran Tierra Board. The Gran Tierra Board unanimously agreed to pursue discussions to complete a transaction, and discussed potential financial advisors to represent Gran Tierra in the potential transaction. The potential transaction was codenamed Project K2.

On May 26, 2008, Mr. Scott, on behalf of Gran Tierra, delivered a letter to Mr. Antony dated May 25, 2008 confirming the Gran Tierra Board's interest in pursuing a combination of the two companies.

On May 28, 2008, the Solana Board held a special meeting for the purpose of discussing a possible business combination with Gran Tierra as a result of the May 25, 2008 letter from Gran Tierra expressing its desire to reopen merger discussions. The Solana Board was open to advancing discussions and charged Messrs. Price and Antony, with the assistance of Solana director and legal counsel Roy Hudson of Davis LLP, to inform Gran Tierra of Solana's decision and further investigate the potential transaction. It was further agreed that Tristone, Solana's financial advisors during the original merger discussions, be retained as financial advisors to Solana for the present transaction.

On May 28, 2008, Mr. Antony on behalf of Solana sent a response letter to Gran Tierra confirming its interest in pursuing merger discussions and highlighting that, in determining the potential exchange ratio for the proposed transaction, the parties should focus predominantly on asset value, given the significant overlapping assets of the two companies.

On May 28, 2008, Solana and Gran Tierra confirmed that the Confidentiality Agreement to facilitate the exchange of information between the two companies was still in force.

On May 28, 2008, Mr. Price initiated discussions with Tristone centered on Tristone's experience in these types of arrangements, the scope of work envisioned, Tristone's role and deliverables, execution methodology and potential advisor fees. Over a period of two days Mr. Price, in consultation with Messrs. Hudson and Antony, negotiated an arrangement with Tristone and, on May 30, 2008, Solana retained Tristone as Solana's financial advisor for this transaction. Immediately thereafter, Tristone commenced its review.

On May 30, 2008, Mr. Scott had a telephone conversation with Mr. Antony. They discussed a plan to engage in negotiations regarding the potential combination transaction, as well as the potential impact on the transaction of Gran Tierra's Colombian Participation Agreement, entered into in connection with Gran Tierra's original acquisition of its interests in Colombia. The Colombian Participation Agreement originally provided that, should Gran Tierra directly or indirectly expand its interest (which expansion would include the acquisition of Solana) in certain of its oil and gas properties, including the Costayaco oil field, then the existing overriding royalty payable to the royalty holders on Gran Tierra's interest in the properties would also extend to Solana's interest in the properties. Gran Tierra and Solana agreed that, if this occurrence were to result, the parties would not proceed with the combination of the two companies. Accordingly, negotiations surrounding any potential combination of the two companies continued, but at a slower pace, as Gran Tierra pursued an acceptable resolution with the royalty holders.

From May 30 through June 10, 2008, Mr. Scott engaged in negotiations by telephone with the beneficial holders of the royalty under the Colombian Participation Agreement. Following extensive negotiations, Gran Tierra agreed, subject to receipt of the requisite board approval, to issue two million shares of Gran Tierra common stock to the holders of the royalty, in the event that the combination of Gran Tierra and Solana was consummated, in consideration for the royalty holders agreeing that their overriding royalty and net profit interest rights would not apply to Solana's interests in the properties in which Solana and Gran Tierra have joint working interests, even after the combination of the two companies. In the event that a combination of Gran Tierra and Solana does not occur by November 15, 2008, then Gran Tierra would not be obligated to issue the two million shares, and the royalty holders' rights under the Colombian Participation Agreement would not be affected.

On June 7 and 8, 2008, Mr. Scott had discussions with Blackmont respecting its experience in transactions similar to the potential combination of Gran Tierra and Solana, including valuation experience, cross-border transaction expertise, expected deliverables, advisory fees, general board expectations and ongoing negotiation and support requirements.

From June 9 through June 11, 2008, Mr. Scott, in consultation with Gran Tierra's management and legal counsel, negotiated the terms of a financial advisory arrangement with Blackmont to represent Gran Tierra in the potential combination of Gran Tierra and Solana.

On June 11, 2008, the Gran Tierra Board met and approved the negotiated settlement regarding the Colombian Participation Agreement, pursuant to which Gran Tierra would, subject to satisfaction of certain conditions, including completion of a business combination with Solana, issue two million shares of Gran Tierra common stock to the royalty holders. The Gran Tierra Board also approved the termination of Gran Tierra's engagement with Westwind Partners.

On June 16, 2008, the Gran Tierra Board met and approved the appointment of Blackmont as financial advisors to Gran Tierra in connection with the potential combination of Gran Tierra and Solana, and Gran Tierra formally retained Blackmont as its financial advisor in connection with the potential business combination involving Gran Tierra and Solana.

On June 20, 2008, Mr. Scott met with Mr. Price, as well as with Jeff Lawson, Gran Tierra's principal advisor from Blackmont. The parties discussed general merger terms, agreed generally to the fact that relative net asset values would be a significant consideration in finalizing the proposed exchange ratio for the transaction, and agreed to have their respective financial advisors assess the merits of the transaction based on information currently available and present their findings to the respective boards of Solana and Gran Tierra.

On July 2, 2008 the Solana Board held a special meeting to review the terms being considered for the proposed business combination. At that time, it was the consensus of the Solana Board, without resolution, to finalize a non-binding proposal, move ahead with all required due diligence, and finalize the definitive transaction structure.

On July 2, 2008 Mr. Scott received a letter from Mr. Antony, enclosing a draft non-binding letter of intent in respect of the proposed transaction, confirming Solana's interest in the proposed combination of the two companies and suggesting certain guidelines pursuant to which the companies would continue exchange ratio negotiations, again with a proposed significant weighting towards the relative value of their joint ownership of the Costayaco oil field.

On July 2, 2008, the Gran Tierra Board met with Gran Tierra management, its legal advisors and Blackmont. Gran Tierra management provided a full report to the Gran Tierra Board with respect to the negotiations with Solana as well as a review of Solana's properties and the due diligence investigations undertaken to date by Gran Tierra's management. The Gran Tierra Board also received a presentation from Blackmont, including an overview of Solana's properties, transaction benefits and synergies, and a range of respective ownership interests of the security holders of Solana and Gran Tierra in the combined entity which would result in an equitable exchange ratio for the proposed transaction. The Gran Tierra Board received advice from its legal advisors with respect to the duties and responsibilities of the Gran Tierra Board and certain legal matters relating to the proposed transaction.

On July 3, 2008, Solana received an alternate non-binding letter of intent from Gran Tierra outlining the principal terms of the proposed transaction for negotiation. From July 3, 2008 through July 9, 2008, in consultation with their respective financial and legal advisors, Solana and Gran Tierra came to agreement on the non-binding letter of intent terms.

On July 10, 2008, Solana and Gran Tierra executed a non-binding letter of intent setting out the key transaction terms including an exchange ratio pursuant to which, on a fully diluted basis, the shareholders of Solana would hold an approximate 48% ownership interest in the combined entity and the stockholders of Gran Tierra would hold an approximate 52% ownership interest in the combined entity. The parties also agreed to conduct exclusive negotiations to complete the Arrangement Agreement by July 31, 2008.

On July 11, 2008, Mr. Price and Ricardo Montes, the Chief Financial Officer of Solana, met with Mr. Coffield and Martin Eden, the Chief Financial Officer of Gran Tierra, and Mr. Lawson of Blackmont, to discuss, principally, the parties' requirements for completion of the requisite due diligence in respect of the transaction, the availability of due diligence materials, the coordination of counsel and accounting groups, and certain miscellaneous operating issues and proposed capital expenditure plans.

41

TABLE OF CONTENTS

On July 17, 2008, Mr. Montes of Solana and Mr. Eden of Gran Tierra met with Ernst & Young LLP and KPMG LLP to discuss certain ongoing financial and tax due diligence.

From July 17 through July 28, 2008, Solana and Gran Tierra and representatives of their respective financial and legal advisors conducted financial and legal due diligence regarding Solana and Gran Tierra and reviewed public and non-public information regarding Solana and Gran Tierra, and certain of such persons held various meetings and discussions with members of senior management of Solana and Gran Tierra relating to the business and financial condition of Solana and Gran Tierra and their respective plans and prospects. During this period, Solana and Gran Tierra and their respective advisors discussed the information that had been reviewed and the progress of investigations on a regular basis. Discussions between Solana and Gran Tierra through this period included establishing an acceptable exchange ratio. It was mutually agreed that the Costayaco field was the core asset for both companies comprising the bulk of their hard value, with the remaining value accruing from other producing assets, exploration acreage and operatorship, and tied to cost of capital considerations.

On July 21, 2008, Messrs. Price, Antony and Hudson, as well as David Veters of Tristone, met to discuss Solana's increased understanding, arising from its ongoing due diligence, of the financial impact of the overriding royalty/net profits interest agreement encumbering Gran Tierra's interest in the Costayaco field, and its resultant impact on the proposed exchange ratio. Following these discussions, there was agreement that Solana must revisit the proposed exchange ratio with Gran Tierra, with an adjustment required of the same.

On July 21, 2008, Mr. Lawson of Blackmont met with Mr. Veters of Tristone to discuss the respective financial advisors' valuations of Solana and Gran Tierra, the impact of the overriding royalty in the Colombian Participation Agreement on Gran Tierra's interest and Tristone's and Solana's perceived impact of that interest on the exchange ratio to be finalized for the Arrangement Agreement.

On July 21, 2008, Mr. Montes of Solana and Mr. Eden of Gran Tierra met with each of Ernst & Young LLP and KPMG LLP to complete further due diligence on each of Solana and Gran Tierra.

On July 21 and 22, 2008, Blackmont had several discussions with Mr. Scott and with senior management of Gran Tierra respecting the ongoing negotiations surrounding the exchange ratio and provided Blackmont's views on the exchange ratio.

On July 22, 2008, Messrs. Price and Antony of Solana met with Messrs. Coffield and Scott of Gran Tierra and, based on final due diligence information received to date, agreed, subject to their respective boards' approvals, to a revision to the combined company ownership, pursuant to which, on a fully diluted basis, the former shareholders of Solana would hold an approximate 49% ownership interest in the combined entity and the current stockholders of Gran Tierra would hold an approximate 51% ownership interest in the combined entity, equivalent to an Exchange Ratio of 0.9527918 of a share of Gran Tierra common stock to be exchanged for each Solana Share. Each of Tristone and Blackmont concurred that this was an acceptable arrangement in respect of the ownership of the combined company.

On July 23, 2008, Mr. Price provided certain additional due diligence information on Solana to Gran Tierra.

On July 23, 2008, the Gran Tierra Board met and approved the continuing of negotiations based on the new Exchange Ratio.

At a meeting held July 28, 2008, the Solana Board met and received presentations from management and Tristone. Tristone provided the Solana Board with a verbal fairness opinion which stated that they had determined that the final Exchange Ratio was fair to Solana Shareholders from a financial point of view. After receiving such presentations, the Solana Board unanimously agreed that the terms of the Arrangement Agreement were fair and in the best interests of Solana shareholders and approved the Solana and Gran Tierra business combination and the Arrangement Agreement.

42

TABLE OF CONTENTS

At a meeting held July 28, 2008, the Gran Tierra Board met and received presentations from management, counsel to Gran Tierra and Blackmont. Counsel provided a comprehensive due diligence report and provided advice respecting the principal terms of the Arrangement Agreement. Blackmont provided the Gran Tierra Board with its verbal opinion that, on the basis of the particular assumptions and considerations presented to the Gran Tierra Board, as at that date, the consideration to be paid by Gran Tierra pursuant to the Arrangement is fair, from a financial point of view, to Gran Tierra. After duly considering the financial aspects and other considerations relating to the proposed transaction, including the terms of the proposed Arrangement Agreement and its duties and responsibilities to Gran Tierra's stockholders, the Gran Tierra Board unanimously approved the execution of the Arrangement Agreement and unanimously determined that the proposed transaction is in the best interests of Gran Tierra and Gran Tierra's stockholders.

On July 28, 2008, Solana and Gran Tierra entered into the Arrangement Agreement, and on July 29, 2008, publicly announced the transaction.

On September 5, 2008, Gran Tierra and Solana entered into an amendment to the Arrangement Agreement to provide that the payments to Solana dissenting stockholders would be made by Solana, and not by Gran Tierra.

On October 9, 2008, Gran Tierra and Solana entered into an amendment to the Arrangement Agreement to modify the method of determining the exercise price of Gran Tierra options issued upon exchange of Solana stock options and to revise the requirement regarding electing to take shares of Gran Tierra common stock or GTE-Solana Exchangeable Shares.

Reasons for the Arrangement

Gran Tierra's Reasons for the Arrangement

The Gran Tierra Board considered the following factors in unanimously approving the transaction.

Anticipated Business Advantages

Asset Consolidation. Gran Tierra believes that the combined company will create a more substantial South American oil and gas exploration and production company with significant oil reserves, production and land position in Colombia. The combination creates a company with a 100% working interest in the Costayaco field, one of the major oil discoveries in Colombia in recent years currently undergoing delineation and development, allowing for more efficient development of the field. Upon consummation of the transaction, the combined company will have a working interest in 26 exploration and production licenses, 24 of which are operated by Gran Tierra, with a land base encompassing 7.1 million gross acres (6.2 million net acres) in Colombia, Peru and Argentina.

Enhanced Capability for Future Initiatives. Gran Tierra expects the combined company to have substantially increased cash flows and working capital which will allow for the pursuit of additional exploration opportunities on the combined company's large undeveloped land base in Colombia, Argentina and Peru, and additional new venture growth opportunities.

Enhanced Access to Capital and Financial Markets. Gran Tierra expects the combined company to have a larger market capitalization and better access to capital and financial markets, which would enable the combined company to raise additional capital more easily, if needed, to fund its expansion plans than either company could if not combined.

Synergistic Integration of Operations. Gran Tierra believes that the two companies will effectively integrate their administrative operations and exploration and production capabilities, thus resulting in cost-saving opportunities for the combined company due to economies of scale and elimination of redundant functions.

Anticipated Advantages to Stockholders

The transaction will increase the number of publicly-traded shares of Gran Tierra, which will result in an increase in market capitalization, and is likely to result in an increase in trading volume and institutional interest in the combined company's business and securities.

43

TABLE OF CONTENTS

Presentation of Gran Tierra Management

The Gran Tierra Board considered and evaluated management's presentation of information with respect to, among other factors, the results and scope of Gran Tierra's due diligence review of Solana's business, the historical profitability of Solana's business, growth prospects for oil and gas exploration and production in the Costayaco field in Colombia and in other regions of South America, Solana's working interests in the Costayaco field, and cost-saving opportunities for the combined company.

Advice of Financial Advisor

In deciding to approve the transaction, the Gran Tierra Board also considered the opinion of its financial advisor, Blackmont, delivered verbally on July 28, 2008 and subsequently confirmed in writing as of that date, to the effect that, based on and subject to the factors and assumptions set forth in the opinion, the Exchange Ratio was fair, from a financial point of view, to Gran Tierra.

Potential Risks

The Gran Tierra Board recognized that there are risks associated with the combination of Gran Tierra and Solana. These factors, which are further discussed on page 23 under "Risk Factors", include: some of the potential benefits described above may not be realized or significant costs may be incurred in realizing those benefits; dilution to Gran Tierra stockholders; the risks involved in integration of the two companies' businesses; Solana's profitability may be less than estimated by Gran Tierra in determining Solana's value; and possible liquidation of a large number of shares of Gran Tierra common stock following consummation of the transaction by investors who have not previously owned Gran Tierra common stock.

In light of the factors described above, including those described under "Potential Risks" and the "Risk Factors" discussed on page 23, the Gran Tierra Board concluded that the potential benefits of the combination outweigh the potential risks, although no assurance can be given in this regard.

Solana's Reasons for the Arrangement

The Solana Board considered the following factors in unanimously approving the transaction.

Anticipated Business Advantages

Premium in Trading Price. The consideration offered under the Arrangement represents a significant premium over the trading price of Solana Shares immediately prior to the announcement of the combination.

Asset Consolidation. Solana believes that the combined company will have a larger asset base and greater geographical diversity of operations and markets. The combination creates a company with a 100% working interest in the Costayaco field, one of the major oil discoveries in Colombia in recent years.

Enhanced Access to Capital and Financial Markets. Solana expects the combined company to have a larger market capitalization and better access to capital and financial markets, which would enable the combined company to raise additional capital more easily, if needed, to fund its expansion plans than either company could if not combined.

Greater Liquidity. Solana expects the shares of the combined company to have greater public float and liquidity.

Enhanced Capability for Future Initiatives. Solana expects the combined company to have strong cash flows which will allow for the pursuit of additional exploration opportunities on the combined company's large undeveloped land base in Colombia, Argentina and Peru and new venture and growth opportunities, thereby increasing the probability of additional exploration success.

Tax Deferral. The structure of the transaction provides a tax deferral opportunity for Canadian resident Solana Shareholders, but may be a taxable transaction for other holders of Solana Shares.

Strong Leadership. Solana expects the combined company to benefit from the strong leadership of directors from both Solana and Gran Tierra.

Ability to Consider Competing Offers. Under the Arrangement Agreement, the Solana Board retains the ability to consider and respond to superior proposals on the specific terms and conditions set forth in the Arrangement Agreement.

44

TABLE OF CONTENTS

Alternatives for Solana Optionholders and Solana Warrantholders. The Solana optionholders and Solana warrant holders can elect to continue to participate in the combined company by ultimately receiving shares in the common stock of Gran Tierra or can elect to receive a cash payment for their securities, providing alternatives for such securityholders depending on their financial situation.

Presentation of Solana Management

The Solana Board considered and evaluated management's presentation of information with respect to, among other factors, the results and scope of Solana's due diligence review of Gran Tierra's business; growth prospects for oil and gas exploration and production in the Costayaco field in Colombia and Gran Tierra's working interests in the Costayaco field.

Advice of Financial Advisor

In deciding to approve the transaction, the Solana Board also considered the opinion of its financial advisor, Tristone, delivered orally on July 28, 2008 and subsequently confirmed in writing as of that date that, based on and subject to the factors and assumptions set forth in the opinion, the consideration to be received by Solana Shareholders was fair, from a financial point of view, to Solana Shareholders.

Potential Risks

The Solana Board recognized that there are risks associated with the combination of Solana and Gran Tierra. These factors, which are further discussed on page 23 under Risk Factors , include: some of the potential benefits described above may not be realized or significant costs may be incurred in realizing those benefits; Gran Tierra's possible loss of working interests in the Costayaco field in Colombia and other areas of South America; Gran Tierra's financial results may be less than estimated by Solana in determining Gran Tierra's value; and possible liquidation of a large number of shares of Gran Tierra common stock following consummation of the transaction by investors who have not previously owned Gran Tierra common stock.

In light of the factors described above, including those described under Potential Risks and the Risk Factors discussed on page 23, the Solana Board concluded that the potential benefits of the combination outweigh the potential risks, although no assurance can be given in this regard.

Recommendations of the Boards of Directors

Gran Tierra

The Gran Tierra Board believes that the Arrangement is advisable and in the best interest of Gran Tierra stockholders.

The Gran Tierra Board unanimously recommends that the Gran Tierra stockholders approve the issuance of the common stock pursuant to the Arrangement, the amendment of the Gran Tierra articles of incorporation to create a share of Special B Voting Stock, the amendment of the Gran Tierra articles of incorporation to increase the total number of common stock authorized for issuance, the amendment of the Gran Tierra articles of incorporation to change the board voting requirement for the issuance of common stock, and the amendment and restatement of the 2007 Equity Incentive Plan, which increases the number of shares of common stock available under the Incentive Plan from 9,000,000 shares to 18,000,000 shares in the aggregate.

Solana

The Solana Board believes that the Arrangement is advisable and in the best interest of Solana Securityholders. The Solana Board unanimously recommends that the Solana Securityholders approve the Arrangement.

Fairness Opinion of Tristone Capital Inc.

On July 28, 2008, Tristone, in its capacity as financial adviser to Solana, rendered its opinion to the Solana Board that, as of that date and based upon and subject to certain factors and assumptions, the consideration to be received by the Solana Shareholders under the Arrangement was fair, from a financial point of view, to Solana Shareholders. The full text of Tristone's written opinion, dated July 28, 2008, is attached to this Joint Proxy Statement as Annex I. Tristone's opinion was approved by a committee of the managing directors of Tristone, each of whom is experienced in merger, acquisition, divestiture and valuation matters. **This summary of Tristone's opinion is qualified in its entirety by reference to the full text of the opinion. Solana Shareholders are urged to read the Tristone opinion carefully and in its entirety.**

TABLE OF CONTENTS

Tristone provided its opinion for the information and assistance of the Solana Board in connection with its evaluation of the Arrangement. Tristone's opinion did not address the merits of Solana's underlying decision to engage in the Arrangement or the relative merits of the Arrangement compared to any alternative business strategy or transaction in which Solana might engage. Further, Tristone expresses no opinion about the fairness of the amount or nature of the compensation (if any) to any of the officers, directors or employees of any party to the Arrangement, or class of such persons, relative to the Solana Shareholders or otherwise. Tristone's opinion and its related analysis reviewed with the Solana Board were only two of many factors taken into consideration by the Solana Board in making its determination to approve the Arrangement. **The Tristone opinion is not a recommendation as to how any Solana Shareholder should vote with respect to the Arrangement.**

In rendering its opinion, Tristone relied upon, and assumed the completeness, accuracy and fair representation of all financial information, business plans, forecasts and other information, data, advice, opinions and representations obtained by Tristone from public sources, including information relating to Solana and Gran Tierra, or provided to Tristone by Solana, Gran Tierra and their respective affiliates or advisors or otherwise, and its opinion is conditional upon such completeness, accuracy and fairness. Tristone did not attempt to verify independently the completeness, accuracy or fair presentation of any such information. Tristone assumed that all forecasts, projections, estimates and/or budgets provided to Tristone and used in its analysis were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the future financial performance of Solana or Gran Tierra (as the case may be), respectively, as stand alone entities and have assumed that the financial results reflected in such forecasts, projections, estimates and/or budgets will be realized in the amount and at the times projected. Tristone expressed no independent view as to the reasonableness of such forecasts, projections, estimates and/or budgets or the assumptions on which they were based.

Tristone was not engaged, nor did it assume any responsibility, to perform, and did not perform, an independent evaluation or appraisal of any of the securities, assets or liabilities of Solana or Gran Tierra, and was not furnished with any such valuations or appraisals (other than the reserve reports referred to below). Tristone did not assume any obligation to conduct, and did not conduct, any physical inspection of the property or facilities of Solana or Gran Tierra. Tristone did not investigate, and made no assumption regarding, any litigation or other claims affecting Solana or Gran Tierra.

Tristone's opinion was rendered as of the date thereof on the basis of securities markets, economic and general business and financial conditions prevailing as at such date, and the condition and prospects, financial and otherwise, of Solana and Gran Tierra as they were reflected in the information and in other documents reviewed by Tristone and as they were represented to Tristone in its discussions with Solana and Gran Tierra management, as applicable. In rendering its opinion, Tristone assumed that there were no undisclosed material facts relating to Solana or Gran Tierra or their respective businesses, operations, capital or future prospects. Any changes therein may affect Tristone's opinion and Tristone may change or withdraw its opinion in such event. Tristone does not have an obligation to advise any person of any change that may come to its attention or to update its opinion after the date thereof.

Tristone made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters in its analysis and in connection with the preparation of its opinion, many of which are beyond the control of any party involved in the Arrangement. In arriving at its opinion, Tristone assumed, in addition to the facts and conclusions contained in the information relied upon, among other things, the validity and efficacy of the procedures being followed to implement the Arrangement, and expressed no opinion on such procedures. Tristone relied on the advice of legal and tax counsel to Solana with respect to all legal and tax matters relating to the Arrangement and the implementation thereof, and expressed no view thereon. Tristone further assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course without waiver thereof and

that all consents, permissions, exemptions or orders of relevant regulatory authorities will be obtained, without adverse conditions or qualification. Tristone expressed no view as to the likelihood that the conditions respecting the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the time frame indicated in the Arrangement Agreement and described in this Joint Proxy Statement. Tristone expressed no opinion as to what

46

TABLE OF CONTENTS

the value of common shares of Gran Tierra actually will be when issued pursuant to the Arrangement or the price at which the common shares of Gran Tierra will trade at any time.

For the purpose of rendering its opinion, Tristone has reviewed, considered, conducted, undertaken, and relied upon, among other things:

the Arrangement Agreement;

the audited financial statements of Solana as at and for the year ended December 31, 2007, together with the notes thereto, the auditors' report thereon and the management's discussion and analysis related thereto;

the interim unaudited financial statements of Solana as at and for the three month periods ended March 31, 2008, September 30, 2007 and June 30, 2007, together with the notes thereto and the management's discussion and analysis related thereto;

Solana's Annual Information Form dated April 10, 2008, for the year ended December 31, 2007; Solana's reserve report prepared by DeGolyer and MacNaughton Canada Limited, dated April 10, 2008 and as of December 31, 2007;

discussions with Solana management with regard to, among other things, the business, operations, quality of assets and future potential of Solana;

certain internal financial information, financial and operational projections of Solana as provided by Solana management;

the audited financial statements of Gran Tierra as at and for the year ended December 31, 2007, together with the notes thereto, the auditors' report thereon and the management's discussion and analysis related thereto;

the interim unaudited financial statements of Gran Tierra as at and for the three month period ended March 31, 2008, together with the notes thereto and the management's discussion and analysis related thereto;

the prospectus dated April 15, 2008 filed with the SEC registering the offer and sale of shares of Gran Tierra common stock, including shares of common stock underlying warrants, to satisfy registration rights previously granted;

Gran Tierra's Colombian Participation Agreement effective as of June 22, 2006 and amendments thereto;

Gran Tierra's Annual Information Form dated May 23, 2008, for the year ended December 31, 2007;

Gran Tierra's proxy statement dated April 28, 2008, filed with the SEC relating to the annual meeting of Gran Tierra's stockholders held on June 16, 2008;

Gran Tierra's reserve report prepared by Gaffney, Cline & Associates Limited, dated February 15, 2008 and as at December 31, 2007 and Gran Tierra's reserve report prepared by GLJ Petroleum Consultants Ltd. as at July 1, 2008;

communications with Gran Tierra management with regard to, among other things, the business, operations, quality of assets and future potential of Gran Tierra;

certain internal financial information, financial and operational projections of Gran Tierra as provided by Gran Tierra management;

data with respect to other transactions of a comparable nature considered by Tristone to be relevant;

certain public information relating to the business, financial condition and trading history of Gran Tierra and Solana;

other information, analyses and investigations as Tristone considered appropriate in the circumstances;

47

TABLE OF CONTENTS

a certificate of representation as to certain factual matters provided by Solana and dated as of July 28, 2008; and a certificate of representation as to certain factual matters provided by Gran Tierra and dated as of July 28, 2008. The following is a summary of the material financial analyses delivered by Tristone to the Solana Board in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Tristone, nor does the order of analyses described represent relative importance or weight given to those analyses by Tristone. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before July 28, 2008 and is not necessarily indicative of current market conditions.

The summary includes information in a tabular format. In order to fully understand these financial analyses, the tables must be read together with the text accompanying each summary. The tables alone do not constitute a complete description of these financial analyses. Considering the data set forth in the tables without considering the full narrative description of these analyses, including the methodologies and assumptions underlying these analyses, could create a misleading or incomplete view of these financial analyses performed by Tristone.

In arriving at its opinion regarding the consideration to be paid to Solana Shareholders, Tristone calculated the implied consideration per Solana Share on the basis of each Solana Share being exchanged for 0.9527918 of a share of Gran Tierra common stock. This implies a transaction price of CDN\$5.55 per Solana Share based on the closing price of Gran Tierra on July 25, 2008 on the TSX. Tristone calculated the aggregate transaction value as the fully diluted shares outstanding multiplied by the per share transaction price of CDN\$5.55, plus long term debt, less working capital surplus, less proceeds from the exercise of options and warrants resulting in a total transaction value of approximately CDN\$652 million.

Analyst Price Targets:

Tristone compared the price targets of Gran Tierra and Solana as prepared by independent equity research analysts at Tristone and other investment banks. The average 12-month price target for Solana was CDN\$7.05 with a range of CDN\$5.50 to CDN\$8.25 and the average price target for Gran Tierra was CDN\$7.90 with a range of CDN\$5.25 to CDN\$10.00. The ratio of average target prices was 0.892 compared to the proposed transaction Exchange Ratio of 0.9527918.

Historical Share Price Analysis:

Tristone analyzed the historical trading prices of Solana and Gran Tierra from the January 1, 2007 to July 25, 2008 and from January 1, 2008 to July 25, 2008 to gain perspective on the historical relative prices of Gran Tierra common stock and Solana Shares. Tristone also calculated volume weighted average prices ranging from one to 60 days, in five day increments, of the common shares based on trading on the TSX and AMEX for Gran Tierra and the TSX Venture Exchange and AIM for Solana for the period ending July 25, 2008. The implied exchange ratio over this period, based on the volume weighted average prices for the periods described above, ranged from a low of 0.703 to a high of 0.761. Tristone noted that the proposed transaction exchange ratio of 0.9527918 compared favorably to the implied exchange ratios.

Tristone also calculated the implied transaction price per Solana Share by multiplying the Exchange Ratio of 0.9527918 by the volume weighted average prices of Gran Tierra over the same periods described above. The resulting values ranged from CDN\$6.91 to CDN\$5.55 per Solana share. These implied transaction prices were then compared to the Solana volume weighted average prices over the same periods to calculate implied premiums. The calculated implied premiums ranged from 25.2% to 35.6%.

Public Company Trading Comparables:

Tristone analyzed publicly available information as well as forecasted production and cash flow estimates independently prepared by independent equity research analysts at Tristone and other investment banks for publicly traded companies that had oil and gas assets located in Colombia, Argentina and/or Peru. As a result of such analysis, Tristone determined that the following thirteen companies were relevant to an evaluation of both Solana and Gran Tierra.

48

TABLE OF CONTENTS

APCO Argentina Inc.	Interoil Exploration & Production ASA	Petro Andina Resources Inc.
Emerald Energy PLC	Maple Energy PLC	PetroLatina Energy PLC
GEOPARK	Establishment Maurel & Prom	Petrolifera Petroleum Ltd.
Global Energy Development PLC	Pacific Rubiales Energy Corp.	Petrominerales Ltd.
		Trefoil Limited

The selected companies were separated into two groups; those companies with enterprise values greater than or equal to CDN\$1 billion and those with enterprise values less than CDN\$1 billion. Tristone calculated the implied trading multiples for each group and compared the implied trading multiples with the trading multiples of Solana and Gran Tierra. The enterprise value of the companies was calculated as the fully diluted equity value as of July 25, 2008 plus long term debt less working capital surplus less proceeds from the exercise of options and warrants. The resulting enterprise value was divided by 2008 and 2009 production and debt adjusted cash flow (cash flow with estimated interest expenses added back) estimates and most recent reserve volume estimates to determine the respective trading multiples. Reserve volume estimates were obtained from a variety of sources including company estimates, independent equity research analysts, and other public disclosure. Estimates for all companies were not available for all metrics evaluated. A summary of this analysis is provided below.

(Dollars in Canadian Dollars)	Comparable Public Trading Multiples				EV/BOE
	EV/BOED 2008	EV/BOED 2009	EV/DACF 2008	EV/DACF 2009	
Enterprise Values > or = \$1 billion					
Average	\$ 123,501	\$ 72,780	5.9x	3.7x	\$ 21.56
Enterprise Values < \$1 billion					
Average	\$ 55,544	\$ 27,431	6.3x	5.5x	\$ 28.84
Average excluding high & low	\$ 50,297	\$ 26,234	5.3x	4.0x	\$ 24.97
Gran Tierra	\$ 164,283	\$ 96,184	9.2x	5.3x	\$ 44.28
Solana at Trading Price	\$ 137,864	\$ 71,484	6.1x	3.7x	\$ 34.32
Solana at Transaction Price	\$ 180,441	\$ 93,560	8.0x	4.9x	\$ 44.92

NOTE: EV represents enterprise value, the calculation of which is described above. BOE represents barrel of oil equivalent and BOED represents barrel of oil equivalent per day. A conversion ratio of six thousand cubic feet of natural gas to one barrel of crude oil has been used. DACF represents debt adjusted cashflow, the calculation of which is described above.

Although the foregoing companies were compared to Solana and Gran Tierra for the purposes of this analysis, none of these companies is identical to either Solana or Gran Tierra because of differences in assets, regulatory environments, reporting standards, operations and other characteristics of Solana, Gran Tierra and the comparable companies. In

evaluating comparable companies, Tristone made judgments and assumptions with regard to industry performance, general business, economic, regulatory, market and financial conditions and other matters, many of which are beyond the control of Solana, Gran Tierra such as the impact of competition on the businesses of Solana and Gran Tierra and on the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Solana and Gran Tierra and of the industry or in the markets generally. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

Discounted Cash Flows Analysis:

Tristone analyzed the present value of the reserves of each of Solana and Gran Tierra based on NI 51-101 compliant reserve reports prepared by independent reserve engineers effective as of December 31, 2007. Additionally, Tristone analyzed the similarly prepared reserve report on the Costayaco field prepared for Gran Tierra and effective as of July 1, 2008. Tristone utilized the proved plus probable and the proved plus probable plus possible scenarios based on the pre tax, escalating price assumptions, discounted at 10% for its analysis. The commodity pricing assumptions used were those used by the independent engineers at the time the reports were effective and are summarized below.

49

TABLE OF CONTENTS

	Solana DeGolyer and MacNaughton (As of December 31, 2007)		Gran Tierra Gaffney, Cline & Associates (As of December 31, 2007)		GLJ Petroleum Consultants Ltd. (As of July 1, 2008)	
	WTI ⁽¹⁾ \$US/bbl	Natural Gas \$US/mcf	WTI \$US/bbl	Natural Gas \$US/mcf	WTI \$US/bbl	Natural Gas \$US/mcf
2008	\$ 90.00	\$ 2.59	\$ 89.61	\$ 2.30	\$ 125.55	n/a
2009	\$ 84.00	\$ 2.79	\$ 86.01	\$ 2.39	\$ 116.25	n/a
2010	\$ 80.00	\$ 2.76	\$ 84.65	\$ 2.49	\$ 102.30	n/a
2011	\$ 77.00	\$ 2.74	\$ 82.77	\$ 2.59	\$ 93.00	n/a
2012	\$ 75.00	\$ 2.77	\$ 82.26	\$ 2.69	\$ 93.00	n/a
2013	\$ 73.00	\$ 2.79	\$ 82.81	\$ 2.80	\$ 93.00	n/a
2014	\$ 71.00	\$ 2.85	\$ 84.46	\$ 2.91	\$ 94.26	n/a
2015	\$ 70.00	\$ 2.91	\$ 86.15	\$ 3.03	\$ 96.14	n/a
2016	\$ 70.00	\$ 2.96	\$ 87.87	\$ 3.15	\$ 98.07	n/a
2017	\$ 70.00	\$ 3.02	\$ 89.63	\$ 3.27	\$ 100.03	n/a

Escalate oil and gas product prices at 2.0% per year thereafter.

(1) West Texas Intermediate.

In order to account for the large proportion of assets that were jointly held by Solana and Gran Tierra (namely, Costayaco, Juanambu and Guayuyaco), Tristone adjusted both reserve reports so that jointly held assets were ascribed the same value. Specifically, Tristone subtracted the value attributable to Costayaco in the Solana December 31, 2007 report and added the value attributable to Costayaco from the July 1, 2008 Gran Tierra report and added the value of the Crosby Participating Interest as calculated in the same report. Similarly, Tristone subtracted the value attributable to the Costayaco, Juanambu and Guayuyco assets from the Gran Tierra December 31, 2007 report and added the value attributable to Costayaco from the July 1, 2008 Gran Tierra report and the value attributable to Juanambu and Guayuyaco from the Solana December 31, 2007 report.

Tristone then added working capital surplus, and proceeds from the exercise of options and warrants, and subtracted long term debt to arrive at a corporate net asset value for each of Solana and Gran Tierra. The net asset value was then divided by the fully diluted shares outstanding to arrive at a net asset value per share. The resulting proved plus probable net asset value per share for Solana was CDN\$6.63 and the resulting proved plus probable plus possible net asset value per share for Solana was CDN\$9.72. The resulting proved plus probable net asset value per share for Gran Tierra was CDN\$6.17 and the resulting proved plus probable plus possible net asset value per share for Gran Tierra was CDN\$9.36.

Contribution Analysis:

Tristone compared the contribution of each of Solana and Gran Tierra, based on a consensus of independent equity research analyst forecasts from Tristone and other investment banks for 2008 and 2009 production, 2008 and 2009 cash flow, independently estimated reserve volumes (as adjusted for the discounted cash flow analysis above) and risked exploration net asset value as prepared by Tristone's independent equity research analyst for both companies. Risked exploration net asset value is a commonly used method of estimating a company's net asset value based on discovered estimated reserves plus value attributable to exploration prospects which have yet to be discovered.

Contribution of these metrics ranged from 44% to 52% from Solana. Tristone noted that the transaction exchange ratio of 0.9527918 implied pro forma Solana ownership of 49% and a total enterprise value contribution of 47%.

Pro Forma Analysis:

Tristone analyzed the pro forma impact of the transaction on Gran Tierra's pro forma cash flow and production for 2008 and 2009; proved and probable reserves; proved and probable and possible reserves; proved and probable net asset value; proved and probable and possible net asset value; and risked exploration

50

TABLE OF CONTENTS

net asset value, all on a per share basis. Tristone assumed CDN\$2 million of cash flow synergies resulting from the completion of the Arrangement. The accretion per share to Gran Tierra ranged from -9.7% to +6.2%. Tristone also completed the same analysis on the impact to a Solana Shareholder. The accretion per share to Solana ranged from -5.7% to +12.6%.

Corporate and Asset Transaction Comparables Analysis:

Tristone reviewed select publicly available information for ten oil and gas corporate and asset transactions announced between January 2006 and July 25, 2008 in which the target company had oil and gas operations located in Colombia and deemed by Tristone to be relevant for its analysis. The transactions included are listed below.

Acquirer	Seller	Announcement Date
Suroco Energy Inc.	Alentar Holdings Inc. (Asset)	July 21, 2008
Pacific Rubiales Energy Corp.	Kappa Energy Holdings Ltd. (Corporate)	July 8, 2008
CEPSA	Hupecol Caracara LLC (Asset)	June 24, 2008
Brazalta Resources Corp.	Canacol Energy Inc. (Corporate)	June 10, 2008
Petro Rubiales Energy Corp.	Pacific Stratus Energy Ltd. (Corporate)	November 12, 2007
AGX Resources Corp.	Meta Petroleum Ltd. (Corporate)	May 25, 2007
Sinopec; ONGC Videsh	Omimex Resources Inc. (Asset)	September 21, 2006

PetroLatina Energy PLC	Petroleos del Norte S.A. (Corporate)	April 18, 2006
Pacific Stratus Energy Ltd.	Sipetrol; ENAP (Asset)	April 17, 2006
Gran Tierra Inc.	Argosy Energy International (Corporate)	April 3, 2006

Tristone calculated the implied transaction multiples, where information was available, for each transaction. The transaction multiples for the comparable transactions were calculated by dividing the total transaction value, calculated as above, by the best estimate of current production at the time of the transaction, the estimated annualized cash flow based on that production level and the most recently reported reserve volumes where appropriate. Not all of the transactions had available data for all metrics evaluated. The transaction multiples were compared to the transaction multiples of Solana implied at the transaction price. A summary of this analysis is below.

(Dollars in Canadian Dollars)	Comparables Transaction Metrics		
	EV/BOED	EV/BOE P+P	EV/DACF
Average of Transaction Comparables	\$ 89,768	\$ 19.08	5.6x
Median of Transaction Comparables	\$ 61,185	\$ 13.78	4.4x
Solana Transaction Metrics	\$ 180,441	\$ 44.92	8.0x

Premium Analysis:

Tristone analyzed transaction premiums paid for selected oil and gas corporate transactions announced during the period from January 1, 2007 to July 25, 2008 where the target company was listed on the TSX or TSX Venture Exchange. A total of 30 transactions were selected and the transaction price premium over the closing price on the previous day, the closing price on the day one week earlier and the closing price on the day one month earlier were calculated. The results were compared to the similarly calculated premiums Solana would receive based on the implied transaction price. A summary of this analysis is provided below.

	Takeover Premiums		
	1 Day	1 Week	1 Month
Average	15 %	15 %	20 %
Average excluding high and low	14 %	14 %	20 %
Median	12 %	11 %	18 %
Gran Tierra/Solana	25 %	25 %	5 %

51

TABLE OF CONTENTS

Overview of Analyses; Other Considerations

In reaching its opinion, Tristone did not assign any particular weight to any one analysis or the results yielded by that analysis. Rather, having reviewed these results in the aggregate, Tristone exercised its professional judgment in determining that, based on the aggregate of the analyses used and the results they yielded, the consideration to be received by the Solana Shareholders under the Arrangement was fair, from a financial point of view, to Solana Shareholders. Tristone believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analyses and, accordingly, also made qualitative judgments concerning differences between the characteristics of Solana and Gran Tierra respectively, and the Arrangement, and the data selected for use in its analyses, as further discussed below.

No single company or transaction used in the above analyses as a comparison is identical to Solana or Gran Tierra, or the Arrangement, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses

involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses, or transactions analyzed. The analyses were prepared solely for purposes of Tristone providing an opinion as to the fairness of the consideration to be received by the Solana Shareholders under the Arrangement, from a financial point of view, to Solana Shareholders and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be acquired, which are inherently subject to uncertainty.

The opinion of Tristone as to the fairness, from a financial point of view, of the consideration to be received by the Solana Shareholders under the Arrangement was necessarily based upon market, economic, and other conditions that existed as of the date of its opinion and on information available to Tristone as of that date.

The preparation of a fairness opinion is a complex process that involves the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Several analytical methodologies were used by Tristone and no one method of analysis should be regarded as critical to the overall conclusion reached. Each analytical technique has inherent strengths and weaknesses, and the nature of the available information may further affect the value of particular techniques. The overall conclusions of Tristone were based on all the analyses and factors presented herein taken as a whole and also on application of Tristone's own experience and judgment. Such conclusions may involve significant elements of subjective judgment and qualitative analysis. Tristone therefore believes that its analyses must be considered as a whole and that selecting portions of the analyses and of the factors considered, without considering all factors and analyses, could create an incomplete or misleading view of the processes underlying its opinion.

The consideration to be received by the Solana Shareholders under the Arrangement was determined through arms-length negotiations between Solana and Gran Tierra and was approved by the Solana Board. Tristone provided advice to Solana during these negotiations. Tristone did not, however, recommend any specific amount of consideration to Solana or its board of directors or that any specific amount of consideration constituted the only appropriate consideration for the transaction.

As described above, Tristone's opinion to the Solana Board was one of many factors taken into consideration by Solana's board of directors in making its determination to approve the Arrangement. The foregoing summary does not purport to be a complete description of the analyses performed by Tristone in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Tristone attached as Annex I.

Tristone acts as a trader and dealer, both as principal and agent, in all major financial markets in Canada, England and in the US and, as such, may have had, may have and may in the future have, positions in the securities of Solana and Gran Tierra and from time to time, may have executed or may execute transactions on behalf of Solana and Gran Tierra for clients for which it received or may receive compensation. In addition, as an investment dealer, Tristone conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on issues and investment matters, including research with respect to Solana and Gran Tierra. Tristone has acted as financial advisor to Solana in connection with, and has participated in certain of the negotiations leading to, the transaction contemplated by

TABLE OF CONTENTS

the Arrangement Agreement. In addition, Tristone has provided certain investment banking and other financial services to Solana from time to time, including having acted as lead manager with respect to a public offering of Solana's common shares (aggregate offering amount of CDN\$53,526,000) in October 2007; having acted as financial advisor to Solana with respect to pursuing a corporate acquisition in May through July of 2007; having acted as lead manager with respect to a public offering of Solana's common shares (aggregate offering amount of CDN\$42,000,000)

in March 2006 and having acted as Solana's designated broker on the AIM since October 2006. Tristone may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Solana and Gran Tierra. In connection with the above-described investment banking services, Tristone has received, and may receive in the future, compensation.

Tristone, with its affiliates, is a fully registered investment dealer in Canada and the United States focusing on companies participating in oil and gas exploration, production and services, energy transportation, and energy income trusts. Tristone provides corporate finance, mergers and acquisitions, equity sales, research and trading services to companies active in or investing in the energy industry. The Solana Board has selected Tristone to serve as its financial adviser with respect to the Arrangement and render its opinion based on Tristone's experience and expertise.

Pursuant to a letter agreement dated May 30, 2008, Solana engaged Tristone to act as its financial advisor in connection with the Arrangement. Pursuant to the terms of this engagement letter, Tristone will receive a fee for its services upon delivery of its opinion, which is not contingent upon the successful completion of the Arrangement. In addition, for Tristone's services as financial advisor to Solana in connection with the Arrangement, if the Arrangement is successfully completed, Tristone will receive an additional larger fee, against which the fee it received for delivery of its opinion will be credited. In addition, Solana has agreed to reimburse Tristone for the reasonable out-of-pocket expenses and indemnify Tristone and related persons for certain liabilities that may arise out of its engagement.

Fairness Opinion of Blackmont Capital Inc.

The Gran Tierra Board formally retained Blackmont Capital Inc. pursuant to an engagement agreement dated June 16, 2008, to among other things, provide financial advice to the Gran Tierra Board and its opinion, referred to as the ***Blackmont Fairness Opinion***, as to the fairness, from a financial point of view, of the Arrangement to Gran Tierra stockholders. At the meeting of the Gran Tierra Board on July 2, 2008, Blackmont presented its view and analysis to the Gran Tierra Board which included an overview of Solana's properties, transaction benefits and synergies, and a range of respective ownership interests of the security holders of Solana and Gran Tierra in the combined entity which would result in an equitable exchange ratio for the proposed transaction. At the meeting on July 28, 2008, Blackmont rendered its verbal opinion to the Gran Tierra Board, subsequently confirmed in writing, that as of July 28, 2008, based upon the particular assumptions and considerations presented to the Gran Tierra Board, as at that date, the consideration to be paid by Gran Tierra pursuant to the Arrangement is fair, from a financial point of view, to the Gran Tierra stockholders.

The full text of the Blackmont Fairness Opinion, which sets forth material information relating to the Blackmont Fairness Opinion, including the assumptions made, matters considered and qualifications and limitations on the scope of review undertaken by Blackmont, is attached as Annex H to this Joint Proxy Statement. This description of the Blackmont Fairness Opinion is qualified in its entirety by reference to, and should be reviewed together with, the full text of the Blackmont Fairness Opinion. You are urged to read the Blackmont Fairness Opinion and consider it carefully. The Blackmont Fairness Opinion was addressed to the Gran Tierra Board and addressed only the fairness, from a financial point of view, of the Arrangement to Gran Tierra's stockholders. The terms of the Arrangement, including the exchange ratio, were determined through negotiations between Gran Tierra and Solana and were not determined or recommended by Blackmont. The Blackmont Fairness Opinion did not address the merits of the underlying decision of Gran Tierra to engage in the transaction and did not constitute, nor should it be construed as, a recommendation to any stockholder of Gran Tierra or Solana as to how to vote on the Arrangement. Additionally, Blackmont expressed no opinion as to the prices at which the shares of common stock of either Gran Tierra or Solana will trade following the announcement or completion of the Arrangement.

TABLE OF CONTENTS

In arriving at its opinion, Blackmont, among other things:

reviewed various publicly available business and financial information relating to Solana and Gran Tierra that Blackmont deemed to be relevant;
reviewed information, including financial forecasts, relating to the business, production rates, cash flow and prospects of Gran Tierra and Solana, as well as the anticipated expenses, and amount and timing of cost savings expected to result, from the Arrangement, referred to as the *Expected Synergies*, furnished to Blackmont in discussions with Gran Tierra;
conducted discussions with members of senior management and other representatives of Gran Tierra concerning the matters described in the preceding two clauses, and conducted discussions with members of senior management of Gran Tierra and Solana concerning their respective businesses and prospects, both before and after giving effect to the Arrangement and the Expected Synergies;
reviewed the market prices and valuation multiples for Gran Tierra common stock and Solana common stock and compared them with those of a number of publicly traded companies that Blackmont deemed to be relevant;
participated in a number of discussions and negotiations among representatives of Gran Tierra and Solana and their financial and legal advisors;

reviewed the potential pro forma impact of the transaction;

reviewed drafts of, including the final draft of, the Arrangement Agreement dated July 28, 2008; and
reviewed such other financial studies and analyses and took into account such other matters as Blackmont deemed necessary, including its assessment of general economic, market and monetary conditions.

In preparing the Blackmont Fairness Opinion, Blackmont has relied upon, and has assumed the completeness, accuracy and fair representation of all financial and other information, data, advice, opinions and representations obtained by it from public sources, including information relating to Gran Tierra and Solana, or provided to Blackmont by Gran Tierra and Solana and their respective affiliates or advisors or otherwise pursuant to the terms of Blackmont's engagement, and the Blackmont Fairness Opinion is conditional upon such completeness, accuracy and fair representation. Subject to the exercise of professional judgment and except as expressly described herein, Blackmont has not attempted to verify independently the accuracy or completeness of any such information, data, advice, opinions and representations.

The Blackmont Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof, and the condition and prospects, financial and otherwise, of Gran Tierra and Solana as they were reflected in the information and documents reviewed by Blackmont and as they were represented to Blackmont in its discussions with management of Gran Tierra and Solana. In rendering the Blackmont Fairness Opinion, Blackmont has assumed that there are no undisclosed material facts relating to either Gran Tierra or Solana, or their business, operations, capital or future prospects. Any changes therein may affect the Blackmont Fairness Opinion and, although Blackmont reserves the right to change or withdraw the Blackmont Fairness Opinion in such event, Blackmont disclaims any obligation to advise any person of any change that may come to Blackmont's attention or to update the Blackmont Fairness Opinion after the date upon which it is rendered.

At the meeting of the Gran Tierra Board held on July 2, 2008, Blackmont presented a number of financial analyses accompanied by delivery of written materials in connection with its views on the proposed exchange ratio for the business combination. Subsequently, following completion of additional due diligence and final negotiations with Solana and Tristone respecting the final exchange ratio, at the meeting of the Gran Tierra Board held on July 23, 2008 and, subsequently, the meeting held July 28, 2008, Blackmont rendered its verbal opinion respecting the fairness of the proposed transaction and indicated that it would be in a position to provide its written Fairness Opinion which, when delivered, would be based upon and subject to the assumptions, limitations and qualifications to be set forth in the written opinion. The following is a summary of the material financial analyses performed by Blackmont in arriving at its opinion.

TABLE OF CONTENTS

Solana Valuation Analyses

Analyst Stock Price Targets. Using publicly available securities research analyst estimates, Blackmont noted that the range of the analyst stock price targets for Solana was \$5.50 – \$8.25.

Comparable Public Trading Multiples Analysis. Using publicly available securities research analyst estimates and other information, Blackmont compared selected financial and trading data of Solana with similar data for selected publicly traded companies engaged in businesses that Blackmont determined to be reasonably comparable to those of Solana. These companies are listed below:

Arawak Energy Limited
 Brazalta Resources Corp.
 Calvalley Petroleum Inc.
 Candax Energy Inc.
 Cirrus Energy Corporation
 Harvest Natural Resources Inc.
 Heritage Oil Corporation
 Madalena Ventures Inc.
 Orca Exploration Group Inc.
 Pacific Rubiales Energy Corp.
 Petro Andina Resources Inc.
 PetroFalcon Corporation
 Petrolifera Petroleum Limited
 Petrominerales Ltd.
 Tanganyika Oil Company Ltd.
 TransGlobe Energy Corporation
 Verenex Energy Inc.
 Winstar Resources Ltd.

For each of the companies identified above, Blackmont calculated various valuation multiples, including:

the ratio of enterprise value to the estimated average production for the calendar years 2008 and 2009;
 the ratio of enterprise value to net proved reserves, proved plus probable reserves and proved plus probable plus possible reserves as at December 31, 2007, evaluated by independent reserve engineers in accordance with *National Instrument 51-101 of the Canadian Securities Administrators*, or **NI 51-101** ;

the ratio of share price to the net asset value per share, or **NAVPS** , on a before and after tax basis; and
 the ratio of share price to the estimated cash flow per share, or **CFPS** , for calendar years 2008 and 2009.

Based upon its analysis of the full ranges of multiples calculated for those companies identified above and its consideration of various factors and judgments about current market conditions and the characteristics of those companies (including qualitative factors and judgments involving non-mathematical considerations),

TABLE OF CONTENTS

Blackmont determined multiples for those companies, with a view to extrapolating appropriate metrics to the Gran Tierra-Solana transaction. The relevant multiples, as determined by Blackmont, are set forth in the tables below.

For the purpose of its analysis, Blackmont calculated the enterprise value as fully diluted market capitalization plus total debt and preferred stock, less working capital and the proceeds from the exercise of in-the-money diluted instruments. To calculate these valuation multiples, Blackmont used: average yearly production, cash flow per share and net asset value per share projections reported by independent research analyst reports, First Call and Bloomberg estimates; independent engineering reports filed on SEDAR (or EDGAR, as applicable) by each individual company for the 2007 year end reserve estimates; and closing trading prices of equity securities of each identified company on June 27, 2008.

The following table summarizes the derived relevant multiples for the companies identified above:

	Average	Median
Enterprise Value/2008E Average Production (boe/d)	\$ 75,920	\$ 70,194
Enterprise Value/2009E Average Production (boe/d)	\$ 64,473	\$ 50,608
Enterprise Value/Proved Reserves (boe)	\$ 93.51	\$ 47.40
Enterprise Value/Proved + Probable Reserves (boe)	\$ 29.41	\$ 27.04
Enterprise Value/Proved + Probable + Possible Reserves (boe)	\$ 23.47	\$ 17.51
Share price/Net Asset Value (before tax)	0.8x	0.8x
Share price/Net Asset Value (after tax)	0.9x	0.9x
Share price/2008E Cash Flow per Share	10.0x	7.6x
Share price/2009E Cash Flow per Share	6.3x	5.0x

At the time of completing its analysis, Blackmont was of the view that Heritage Oil Corporation was trading at multiples anomalously higher than its peers; accordingly, when calculating the average and median figures for the public company trading analysis, Blackmont excluded Heritage's multiples from the peer group average. No company used in the above analysis is identical to Solana. In evaluating companies identified by Blackmont as comparable to

Solana, Blackmont made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Solana, such as the impact of competition on the business of Solana and the industry generally, industry growth and the absence of any material change in the financial condition and prospects of Solana or the industry or in the financial markets in general. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading values of such comparable companies to which they are being compared.

Comparable Transaction Analysis. Using publicly available securities research analyst estimates and other publicly available information, Blackmont examined selected multiples paid in a number of transactions that it deemed to be relevant. Precedent transactions that Blackmont considered to be relevant included the following:

56

TABLE OF CONTENTS

Acquiror	Target
Advantage Energy Income Fund	Sound Energy Trust
Canetic Resources Trust	Titan Exploration
Compton Petroleum Corporation	Stylus Energy Inc.
Crescent Point Energy Trust	Innova Exploration Ltd.
Daylight Energy Trust	Cadence Energy Ltd.
Fairborne Energy Ltd.	Grand Banks Energy Corporation
Galleon Energy Inc.	ExAlta Energy Inc.
Harvest Energy Trust	Grand Petroleum Inc.

Iteration Energy Ltd.	Cyries Energy Inc.
Marathon Oil Corporation	Western Oil Sands
NuVista Energy Ltd.	Rider Resources Ltd.
Penn West Energy Trust	Endev Energy Inc.
Penn West Energy Trust	Canetic Resources Trust
Penn West Energy Trust	Vault Energy Trust
Petro Rubiales Energy Corp.	Pacific Stratus Energy
Petrobank Energy and Resources Ltd.	Peerless Energy Inc.
Provident Energy Trust	Capitol Energy Resources
Sword Energy Inc.	Thunder Energy Trust
Talisman Energy Inc.	RSX Energy Inc.
Tristar Oil & Gas Ltd.	Real Resources Inc.

For each of the transactions identified above, Blackmont calculated various valuation multiples, including the following:

the ratio of enterprise value implied by the transaction to the estimated daily production at the time that the transaction was completed;

the ratio of enterprise value implied by the transaction to the proved reserves and proved plus probable reserves as at the date of the target issuer's latest filing of its independent engineering report, filed in accordance with NI 51-101; and

the ratio of the termination fee to the total value of the transaction.

Based upon its analysis of the full ranges of multiples calculated for the transactions identified above and its consideration of various factors and judgments about current market conditions and the characteristics of these transactions and the companies involved in these transactions (including qualitative factors and judgments involving non-mathematical considerations), Blackmont determined relevant multiples for these transactions. The relevant multiples, as determined by Blackmont, are set forth in the table below.

All calculations of multiples paid in the transactions identified above were based on public information available at the time of public announcement of such transactions. Blackmont's analysis did not take into account different market and other conditions during the period in which the transactions identified above occurred.

The following table summarizes the derived relevant multiples for the transactions identified:

	Average	Median
Enterprise Value/Estimated Average Daily Production (boe/d)	\$ 78,244	\$ 63,061
Enterprise Value/Proved Reserves (boe)	\$ 38.27	\$ 29.75
Enterprise Value/Proved + Probable Reserves (boe)	\$ 24.34	\$ 18.79
Termination Fee/Total Transaction Value	2.8 %	2.7 %

No transaction utilized in the analysis above is identical to the proposed Arrangement.

TABLE OF CONTENTS

As discussed under the heading "Background to the Arrangement", Gran Tierra and Solana had mutually agreed early on in negotiations that business combination discussions would only proceed, and the transaction were only likely to occur, if the parties were to focus predominantly on relative asset values in determining the exchange ratio for the transaction, given the significant overlapping assets of the two companies. In addition, a complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved in these transactions and other factors that could affect the transaction multiples in such

transactions to which the proposed transaction is being compared.

Premiums Paid Analysis. Blackmont also reviewed the premiums to stock prices paid in the previous list of comparable transactions. Blackmont reviewed the premiums paid in these transactions over the price of the target stock on various dates (or for various periods) before the approximate date on which the public became aware of the possibility of such transactions.

The following table summarizes the derived premiums:

	Average	Median
Share price/Day prior to Announcement Share Price	19 %	11 %
Share price/20-Day Weighted Average	24 %	14 %
Share price/60-Day Weighted Average	25 %	22 %

No transaction utilized in the analysis above is identical to the proposed Arrangement. While premiums paid were a relevant consideration in connection with the anticipated reaction of the marketplace to the proposed transaction, a significant component of the proposed exchange ratio was, for Blackmont's analysis, weighted towards the relative net asset values of the two companies, which included the companies' respective reserves and value of future discounted cash flows and included Blackmont's and Gran Tierra's assessment of the relative values of the companies' undeveloped lands. Notably, the value of undeveloped lands is largely subjective, given that such lands have yet to be drilled and, accordingly, attract a higher risk profile, with ascribed values tied to the level of perceived third party demand, and significant value differences often experienced as a result of commodity price fluctuations and exploration success in any given area. Blackmont also considered various other analyses and factors and gave weighting to, among other things, relative market capitalizations, trading premiums, operatorship, cost of capital considerations, royalty burdens, and other relevant considerations.

A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved in these transactions and other factors that could affect the premiums paid in such transactions to which the proposed transaction is being compared.

Discounted Cash Flow Analysis. Blackmont performed a discounted projected cash flow analysis of Solana, without giving effect to the proposed transaction, for the period from January 1, 2008 through December 31, 2031. Blackmont calculated ranges of net asset values per share of Solana common stock based upon the sum of the discounted net present value of Solana's twenty-four year stream of projected free cash flows which was adjusted for working capital as at March 31, 2008. The projected free cash flows were based on publicly available securities research analyst estimates for years 2008 and 2009, management's guidance for the remaining years of the analysis and various reasonable assumptions made by Blackmont.

Using a discount rate of 10.0% (which is the typical discount rate utilized by oil and gas issuers in presenting the value of their oil and gas reserves), Blackmont calculated the following range of implied net asset values per share of Solana common stock:

	Low (Without Land Value)	High (With Land Value)
Net Asset Value	\$ 7.52	\$ 9.50

Gran Tierra Valuation Analyses

Analyst Stock Price Targets. Using publicly available securities research analyst estimates, Blackmont noted that the range of the analyst stock price targets for Gran Tierra was \$5.25 to \$10.00.

Comparable Public Trading Multiples Analysis. Using publicly available securities research analyst estimates and other information, Blackmont compared selected financial and trading data of Gran Tierra with similar data for selected publicly traded companies engaged in businesses that Blackmont determined to be reasonably comparable to those of Gran Tierra. These companies are listed above under Solana Valuation Analyses Comparable Public Trading Multiples Analysis . No company used in this analysis is identical to Gran Tierra. In evaluating companies identified by Blackmont as comparable to Gran Tierra, Blackmont made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Gran Tierra, such as the impact of competition on the business of Gran Tierra and the industry generally, industry growth and the absence of any material change in the financial condition and prospects of Gran Tierra or the industry or in the financial markets in general. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading values of such comparable companies to which they are being compared.

Discounted Cash Flow Analysis. Blackmont performed a discounted projected cash flow analysis of Gran Tierra, without giving effect to the proposed transaction, for the period from January 1, 2008 through December 31, 2031. Blackmont calculated ranges of net asset values per share of Gran Tierra common stock based upon the sum of the discounted net present value of Gran Tierra's twenty-four year stream of projected free cash flows which was adjusted for working capital as at March 31, 2008. The projected free cash flows were based on publicly available securities research analyst estimates for years 2008 and 2009, management's guidance for the remaining years of the analysis and various reasonable assumptions made by Blackmont through its discussions with Gran Tierra.

Using a discount rate of 10.0%, Blackmont calculated the following range of implied net asset values per share of Gran Tierra common stock:

	Low (Without Land Value)	High (With Land Value)
Net Asset Value	\$ 7.55	\$ 10.58

Relative Valuation Analyses

General Discussion. Each of the comparable public trading multiples analysis, comparable transaction analysis and premiums paid analysis were considered by Blackmont in assessing the exchange ratio and market acceptance of the proposed transaction. A significant component of the proposed exchange ratio was, for Blackmont's analysis, weighted towards relative net asset values of the two companies (which included an assessment of the companies' respective reserves and relative discounted cash flows, as set out below), and Blackmont and Gran Tierra's views as to the value of the respective companies' undeveloped lands. Blackmont also made various qualitative judgments as to the significance and relevance of various other analyses and factors, including, without limitation, relative market capitalizations, trading premiums, operatorship, cost of capital considerations, royalty burdens, and other relevant considerations.

Relative Discounted Cash Flow Analysis. Using the stand-alone discounted cash flow analyses summarized above, Blackmont calculated the following possible ownership percentages of the combined entity, assuming all assets of each company were combined into the pro forma company. Based upon this analysis, Blackmont calculated the

following ownership percentage range, rounded to the nearest 0.1%:

	Gran Tierra	Solana
Low (without Land Value)	49.7 %	50.3 %
High (with Land Value)	52.3 %	47.7 %

59

TABLE OF CONTENTS

Based upon the ownership percentage analysis, Blackmont calculated the following implied exchange ratio range:

	Low (Without Land Value)	High (With Land Value)
Exchange Ratio	1.0040743	0.9052308

Pro Forma Combination Analysis

Accretion/(Dilution) Analysis. Blackmont analyzed various pro forma effects expected to result from the business combination, including, among other things, the expected effect of the business combination on the estimated cash earnings per share for Gran Tierra for the calendar year 2008 and 2009. This analysis indicated that the transaction would be dilutive to Gran Tierra's cash flow per share in 2008; however, the transaction would be accretive on all other metrics analyzed by Blackmont, assuming the Expected Synergies were achieved.

The actual results achieved by the combined company after the business combination may vary from such estimated results and the variations may be material. The summary set forth above does not purport to be a complete description of the analyses performed by Blackmont in arriving at its opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. No company, business or transaction used in such analyses as a comparison is identical to Gran Tierra or Solana or the terms of the Arrangement, nor is an evaluation of such analyses entirely mathematical.

In arriving at its opinion, Blackmont did not attribute any particular weight to any analysis or factor considered by it, other than to provide a greater weighting on the ultimate determination of the exchange ratio upon the parties' relative net asset values and Gran Tierra's and Blackmont's views on the values of the companies' respective undeveloped lands. Blackmont also made various qualitative judgments as to the significance and relevance of various other analyses and factors, including, without limitation, relative market capitalizations, trading premiums, operatorship, cost of capital considerations, royalty burdens, and other relevant considerations. Accordingly, Blackmont believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all factors and analyses, would, in the view of Blackmont, create an incomplete and misleading view of the analyses underlying Blackmont's opinion.

Gran Tierra retained Blackmont based upon Blackmont's experience and expertise. Blackmont is a registered investment dealer in Canada whose business includes providing corporate finance, mergers and acquisitions advice, equity sales, research and trading services to issuers active in or investing in the energy industry. Relevant areas of focus include international companies participating in oil and gas exploration and production, energy services, transportation and other oil and gas related businesses. The Blackmont Fairness Opinion appended to this Joint Proxy Statement is the opinion of Blackmont and the form and content of the Blackmont Fairness Opinion have been

reviewed and approved for release by a committee of its officers, each of whom is experienced in merger, acquisition, and divestiture and valuation matters.

Under the terms of Blackmont's engagement, Blackmont provided financial advisory services and the Blackmont Fairness Opinion in connection with the Arrangement, and Gran Tierra agreed to pay Blackmont a customary fee. The fee for the Blackmont Fairness Opinion is not contingent upon completion of the Arrangement. Gran Tierra also agreed to reimburse Blackmont for reasonable expenses incurred in connection with Blackmont's engagement. In addition, Gran Tierra agreed to indemnify Blackmont and its affiliates, their respective directors, officers, agents, employees and controlling persons against various liabilities and expenses, including various liabilities under the federal securities laws, related to or arising out of Blackmont's engagement.

In the ordinary course of its business, Blackmont may actively trade Solana Shares, as well as Gran Tierra common stock, for its own account and for the accounts of its clients and, accordingly, may at any time hold a long or short position in those securities.

60

TABLE OF CONTENTS

Transaction Mechanics and Description of GTE-Solana Exchangeable Shares

The following is a summary description of the material terms of:

the Arrangement under section 193 of the ABCA which will give effect to the transaction;
the provisions attaching to the GTE Solana Exchangeable Shares, or the *GTE Solana Exchangeable Share Provisions* ;
the form of the Support Agreement (as defined below); and
the form of Voting and Exchange Trust Agreement (as defined below).

This summary is qualified in its entirety by the full text of the Arrangement Agreement and the documents listed above, which are included in Annexes D, E, F and G, and which are incorporated herein by reference.

Summary

Pursuant to the Arrangement, the Solana Shares held by Solana Shareholders who are entitled to receive GTE-Solana Exchangeable Shares pursuant to the terms of the Arrangement will be transferred to Exchangeco in exchange for such number of GTE Solana Exchangeable Shares as is equal to the number of Solana Shares so exchanged, multiplied by the Exchange Ratio of 0.9527918. The Solana Shares held by Solana Shareholders who are entitled to receive Gran Tierra common stock pursuant to the terms of the Arrangement will be transferred to Exchangeco in exchange for such number of shares of Gran Tierra common stock as is equal to the number of Solana Shares so exchanged, multiplied by the Exchange Ratio of 0.9527918.

Solana options and Solana warrants will fully vest on the completion of the Arrangement. Solana optionholders are entitled to either (a) elect to receive Solana Shares in exchange for their Solana options immediately prior to the completion of the Arrangement, or (b) if the Solana optionholder is a director, officer, employee or consultant whose employment or other eligible services will continue with the combined company or any of its subsidiaries after the Effective Time, elect to have the Solana option exchanged for a Gran Tierra option. If the Solana optionholder makes neither of those two elections, the Solana options held by the Solana optionholder will be exchanged for cash. Solana warrant holders are entitled to elect to receive either Solana Shares or cash in exchange for their Solana warrants immediately prior to the completion of the Arrangement. If the Solana warrant holder makes neither of those two

elections, the Solana warrants held by the Solana warrant holder will become warrants to purchase Gran Tierra common stock in accordance with the terms of the Solana warrants.

The following are rights relating to the exchange or redemption of GTE Solana Exchangeable Shares into shares of Gran Tierra common stock:

Solana Shareholder Rights to Exchange or Retract: rights, which are called exchange rights and retraction rights, to require a redemption by Exchangeco of GTE Solana Exchangeable Shares for shares of Gran Tierra common stock or an exchange (in some limited circumstances involving an Exchangeco insolvency event) by Gran Tierra (or one of its subsidiaries as designated by Gran Tierra) or;

Automatic Exchange or Redemption Rights: rights (which are called the automatic redemption right, liquidation right and automatic exchange right) that automatically, upon the occurrence of specified events, result in the exchange or redemption of GTE Solana Exchangeable Shares for shares of Gran Tierra common stock, without any action by the holders of GTE Solana Exchangeable Shares; and

Call Rights: overriding call rights (called retraction call rights, liquidation call rights, redemption call rights and change of law call rights) granted to Gran Tierra Callco ULC, or *Callco*, a direct wholly-owned subsidiary of Gran Tierra, (or, in the case of the change of law call rights, Gran Tierra) that override the holder's rights listed above, permitting Callco (or Gran Tierra, as the case may be) to require an exchange of GTE Solana Exchangeable Shares for shares of Gran Tierra common stock if a holder exercises retraction rights or in any circumstance when Exchangeco would otherwise be required to redeem the GTE Solana Exchangeable Shares or in the event of applicable

61

TABLE OF CONTENTS

changes to Canadian income tax laws. Callco and Gran Tierra plan to exercise their respective call rights, when available, and currently foresee no circumstances under which they would not exercise their respective call rights. Therefore it is expected that holders of GTE Solana Exchangeable Shares will receive shares of Gran Tierra common stock through an exchange with Callco (or Gran Tierra), as opposed to a redemption by Exchangeco, of GTE Solana Exchangeable Shares for shares of Gran Tierra common stock. While the consideration received upon an exchange or a redemption will be the same, the tax consequences will be substantially different. See Information About Tax Considerations Canadian Federal Income Tax Considerations .

The Plan of Arrangement

The Arrangement

The transaction will be effected by means of an arrangement of Solana and the Solana Securityholders under the ABCA in accordance with the Plan of Arrangement. A copy of the form of the Plan of Arrangement is included as Annex D, which is incorporated by reference into this Joint Proxy Statement.

Court Approval of the Arrangement and Completion of the Transaction

An arrangement of a corporation under the ABCA requires approval by both a court of competent jurisdiction, in this case the Court, and the shareholders, and, if applicable, holders of options or rights to acquire shares of the subject corporation. Prior to the mailing of this circular, Solana obtained the Interim Order providing for the calling and holding of the Solana Special Meeting and other procedural matters.

Subject to the approval of the Arrangement by the Solana Securityholders at the Solana Special Meeting, the hearing in respect of the Final Order is scheduled to take place on November 14, 2008 at 10:00 a.m. (Calgary time) in the Court of Queen's Bench of Alberta at the Court House, 601 5th Street S.W., Calgary, Alberta, Canada, the Final Order. All Solana Securityholders or other interested parties who wish to participate or be represented or to present

evidence or arguments at that hearing must serve and file a notice of intention to appear as set out in the Notice of Petition to the Court, the *Notice of Petition*, for the Final Order and satisfy any other requirements. At the hearing of the application in respect of the Final Order, the Court will consider, among other things, the fairness of the Arrangement. The Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions to the Arrangement Agreement are satisfied or waived, it is anticipated that the following will occur substantially simultaneously on the Effective Date:

Articles of Arrangement will be filed with the registrar under the ABCA to give effect to the Arrangement; the support agreement between Exchangeco, Callco and Gran Tierra substantially in the form of Annex F, or the *Support Agreement*, and the voting and exchange trust agreement between Exchangeco, Gran Tierra and Computershare Trust Company of Canada, or *Computershare* (referred to as the *Exchangeco Trustee*), substantially in the form of Annex G, referred to as the *Voting and Exchange Trust Agreement*, will each be executed and delivered;

Gran Tierra will issue the share of Special B Voting Stock to the Exchangeco Trustee, all as more particularly described below under the heading *Voting, Dividend and Liquidation Rights of Holders of GTE Solana Exchangeable Shares Voting Rights with Respect to Gran Tierra*; and

the various other documents necessary to give effect to the transaction will be executed and delivered.

The Final Order will constitute the basis for an exemption from the registration requirements of the Securities Act, such exemption being provided by Section 3(a)(10) thereof, with respect to the issuance of the GTE Solana Exchangeable Shares and the exchange of Solana warrants and options pursuant to the terms of the Arrangement.

Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

Subject to the foregoing, it is presently anticipated that the transaction will become effective on or about November 14, 2008.

62

TABLE OF CONTENTS

Description of GTE Solana Exchangeable Shares

The GTE Solana Exchangeable Shares will be issued by Exchangeco and will be exchangeable at any time on a one-for-one basis, at the option of the holder, for shares of Gran Tierra common stock. A GTE Solana Exchangeable Share will provide a holder with economic terms and voting rights which are, as nearly as practicable, effectively equivalent to those of a share of Gran Tierra common stock. Canadian residents who receive GTE Solana Exchangeable Shares may obtain a full or partial deferral of taxable capital gains for Canadian federal income tax purposes in specified circumstances. See *Information About Tax Considerations Canadian Federal Income Tax Considerations*.

On the Effective Date of the Arrangement, Gran Tierra, Exchangeco and the Exchangeco Trustee will enter into the Voting and Exchange Trust Agreement. By furnishing instructions to the Exchangeco Trustee under the Voting and Exchange Trust Agreement, holders of the GTE Solana Exchangeable Shares will be able to exercise essentially the same voting rights with respect to Gran Tierra as they would have if they were Gran Tierra stockholders. Holders of GTE Solana Exchangeable Shares will also be entitled to receive from Exchangeco dividends that are equivalent to any dividends paid on shares of Gran Tierra common stock from time to time. Gran Tierra has never declared or paid any cash dividends on its common stock. Gran Tierra does not intend to pay any cash dividends on its common stock for the foreseeable future. The GTE Solana Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of Gran Tierra so as to maintain the proportional relationship

between the GTE Solana Exchangeable Shares and the shares of Gran Tierra common stock.

Retraction, Redemption and Call Rights Applicable to GTE Solana Exchangeable Shares

Retraction of GTE Solana Exchangeable Shares. Subject to the exercise by Callco of the retraction call right described below, a holder of GTE Solana Exchangeable Shares will be entitled at any time following the Effective Time of the Arrangement to retract (i.e., to require Exchangeco to redeem) any or all of the GTE Solana Exchangeable Shares owned by the holder and to receive an amount per share equal to the retraction price, which will be fully paid and satisfied by the delivery for each GTE Solana Exchangeable Share of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share. A holder of GTE Solana Exchangeable Shares may retract the holder's GTE Solana Exchangeable Shares by presenting to Exchangeco or its transfer agent: (i) certificates representing the number of GTE Solana Exchangeable Shares the holder desires to retract; (ii) such other documents as may be required to effect the retraction of such GTE Solana Exchangeable Shares; and (iii) a duly executed retraction request:

specifying the number of GTE Solana Exchangeable Shares the holder desires to retract; stating the retraction date on which the holder desires to have Exchangeco redeem the GTE Solana Exchangeable Shares; and

acknowledging the retraction call right.

When a holder of GTE Solana Exchangeable Shares makes a retraction request, Callco will have an overriding retraction call right to purchase all but not less than all of the GTE Solana Exchangeable Shares subject to the retraction request. In order to exercise the retraction call right, Callco must notify Exchangeco of its determination to do so within five business days of notification given by Exchangeco to Callco of receipt of the retraction request. If Callco notifies Exchangeco within such five business day period, and provided that the retraction request is not revoked by the holder in the manner described below, Callco will acquire the retracted shares in exchange for the retraction price, which will be fully paid and satisfied by the delivery for each GTE Solana Exchangeable Share of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share. In the event that Callco does not so notify Exchangeco, and provided that the retraction request is not revoked by the holder in the manner described below, Exchangeco will redeem the retracted shares on the retraction date.

A holder may revoke a retraction request by giving notice in writing to Exchangeco at any time prior to the close of business on the business day immediately preceding the retraction date, in which case the retracted shares will neither be purchased by Callco nor be redeemed by Exchangeco. If the retraction request is not revoked on or prior to the close of business on the business day immediately preceding the retraction

63

TABLE OF CONTENTS

date, the retracted shares will either be purchased by Callco or redeemed by Exchangeco. Callco or Exchangeco, as the case may be, will then deliver or cause Exchangeco's transfer agent to deliver the retraction price to such holder by mailing:

certificates representing the number of shares of Gran Tierra common stock equal to the number of GTE Solana Exchangeable Shares purchased or redeemed, registered in the name of the holder or such other name as the holder may request; and

if applicable, a cheque for the aggregate amount of dividends payable and unpaid on each such GTE Solana Exchangeable Share to the holder,

to the address recorded in the securities register of Exchangeco or to the address specified in the holder's retraction request or by holding the same for the holder to pick up at the registered office of Exchangeco or the office of Exchangeco's transfer agent as specified by Exchangeco, in each case less any amounts required to be withheld

because of applicable taxes.

If, as a result of solvency requirements or applicable law, Exchangeco is not permitted to redeem all of the retracted shares tendered by a retracting holder, and provided Callco has not exercised its retraction call right with respect to such retracted shares, Exchangeco will redeem only those retracted shares tendered by the holder (rounded down to a whole number of shares) as would not be contrary to provisions of applicable law. The Exchangeco Trustee, on behalf of the holder of any retracted shares not so redeemed by Exchangeco or purchased by Callco, will require Gran Tierra to purchase the retracted shares not redeemed on the retraction date or as soon as reasonably practicable thereafter, pursuant to the exchange right.

Redemption of GTE Solana Exchangeable Shares. Subject to applicable law and the redemption call right, at any time on or after the fifth anniversary of the Effective Date Exchangeco may, and in the event of specified circumstances described below under Early Redemption will, redeem all but not less than all of the then outstanding GTE Solana Exchangeable Shares for an amount per share equal to the redemption price, which will be fully paid and satisfied by the delivery for each GTE Solana Exchangeable Share of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share. Exchangeco will, at least 45 days prior to the redemption date, or such number of days as the board of directors of Exchangeco may determine to be reasonably practicable under the circumstances in respect of a redemption date arising in connection with, among other events:

a Gran Tierra control transaction, being any merger, amalgamation, tender offer, material sale of shares or rights or interests therein or thereto or similar transactions involving Gran Tierra, or any proposal to carry out the same;

a GTE Solana Exchangeable Share voting event, being any matter that holders of GTE Solana Exchangeable Shares are entitled to vote on as shareholders of Exchangeco, other than an exempt GTE Solana Exchangeable Share voting event (described below), and, for greater certainty, excluding any matter that holders of GTE Solana Exchangeable Shares are entitled to vote on (or instruct the Exchangeco Trustee to vote on) in their capacity as beneficiaries under the Voting and Exchange Trust Agreement; or

an exempt GTE Solana Exchangeable Share voting event, being any matter that holders of GTE Solana Exchangeable Shares are entitled to vote on as shareholders of Exchangeco in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the GTE Solana Exchangeable Shares, where the approval or disapproval of the change would be required to maintain the equivalence of the GTE Solana Exchangeable Shares and the shares of Gran Tierra common stock;

provide the registered holders of the GTE Solana Exchangeable Shares with written notice of the proposed redemption of the GTE Solana Exchangeable Shares by Exchangeco or the purchase of the GTE Solana Exchangeable Shares by Callco pursuant to the redemption call right described below. On or after the redemption date and provided Callco has not exercised its redemption call right, upon the holder's presentation and surrender of the certificates representing the GTE Solana Exchangeable Shares and other documents as may

64

TABLE OF CONTENTS

be required by Exchangeco at the office of Exchangeco's transfer agent or the registered office of Exchangeco, Exchangeco will deliver the redemption price to such holder by mailing:

certificates representing the aggregate number of shares of Gran Tierra common stock equal to the number of GTE Solana Exchangeable Shares purchased or redeemed, registered in the name of the holder or such other name as the holder may request; and

if applicable, a cheque for the aggregate amount of dividends payable and unpaid on each such GTE Solana Exchangeable Share to the holder,

to the address recorded in the securities register of Exchangeco or by holding the same for the holder to pickup at the registered office of Exchangeco or the office of Exchangeco's transfer agent as specified in the written notice of

redemption, in each case less any amounts required to be withheld because of applicable taxes.

Callco will have an overriding redemption call right to purchase, on the redemption date, all but not less than all of the GTE Solana Exchangeable Shares then outstanding (other than GTE Solana Exchangeable Shares held by Gran Tierra and its affiliates) for a purchase price per share equal to the redemption call purchase price, which will be fully paid and satisfied by the delivery for each GTE Solana Exchangeable Share of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share. Upon the exercise of the redemption call right, holders will be obligated to sell their GTE Solana Exchangeable Shares to Callco. If Callco exercises the redemption call right, Exchangeco's right and obligation to redeem the GTE Solana Exchangeable Shares on the redemption date will terminate upon payment by Callco of the purchase price in respect of the GTE Solana Exchangeable Shares.

Early Redemption. In specified circumstances, the GTE Solana Exchangeable Shares will be redeemed by Exchangeco prior to the fifth anniversary of the Effective Date of the Arrangement. Early redemption will occur upon:

the date that there are issued and outstanding less than 25,285,358 GTE Solana Exchangeable Shares (other than GTE Solana Exchangeable Shares held by Gran Tierra and its affiliates) and the board of directors of Exchangeco decides to accelerate the redemption of the GTE Solana Exchangeable Shares prior to the fifth anniversary of the Effective Date;

the occurrence of a Gran Tierra Control Transaction, as defined in the GTE Solana Exchangeable Share Provisions, provided that the board of directors of Exchangeco determines (A) that it is not reasonably practicable to substantially replicate the terms and conditions of the GTE Solana Exchangeable Shares in connection with the Gran Tierra Control Transaction and (B) that the redemption of the GTE Solana Exchangeable Shares is necessary to enable the completion of the Gran Tierra Control Transaction;

a proposal being made for a GTE Solana Exchangeable Share voting event, provided that the board of directors of Exchangeco determines that it is not reasonably practicable to accomplish the business purpose intended by the GTE Solana Exchangeable Share voting event (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of a redemption date); or

the failure by the holders of the GTE Solana Exchangeable Shares to approve or disapprove, as applicable, an exempt GTE Solana Exchangeable Share voting event.

Change of Law Call Right. Gran Tierra shall have the overriding right, in the event of any amendment to the *Income Tax Act* (Canada) and other applicable provincial income tax laws that permits holders of GTE Solana Exchangeable Shares who are resident in Canada, hold the GTE Solana Exchangeable Shares as capital property and deal at arm's length with Gran Tierra and Exchangeco (all for the purposes of the *Income Tax Act* (Canada) and other applicable provincial income tax laws) to exchange their GTE Solana Exchangeable Shares for shares of Gran Tierra common stock on a basis that will not require such holders to recognize any gain or loss or any actual or deemed dividend in respect of such exchange for the purposes of the *Income Tax Act* (Canada) and other applicable provincial income tax laws, to purchase (or to cause Callco to purchase) from all but not less than all of the holders of the GTE Solana Exchangeable Shares (other than any

TABLE OF CONTENTS

holder which is an affiliate of Gran Tierra) all but not less than all of the GTE Solana Exchangeable Shares held by each such holder upon payment by Gran Tierra or Callco, as the case may be, of an amount per share equal to the GTE Solana Exchangeable Share price applicable on the last business day prior to the date on which Gran Tierra or Callco intends to purchase such shares. Payment of the GTE Solana Exchangeable Share price will be fully satisfied by the delivery for each GTE Solana Exchangeable Share of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share.

To exercise the foregoing right, Gran Tierra or Callco must notify the transfer agent for the GTE Solana Exchangeable Shares of its intention to exercise such right at least 45 days before the date on which Gran Tierra or Callco intends to acquire the GTE Solana Exchangeable Shares. Upon the exercise of this right, holders will be obligated to sell their GTE Solana Exchangeable Shares to Gran Tierra or Callco, as the case may be.

Purchase for Cancellation. Exchangeco may, subject to applicable law and its articles, at any time and from time to time offer to purchase for cancellation all or any part of the outstanding GTE Solana Exchangeable Shares, by tender to all holders of record of GTE Solana Exchangeable Shares then outstanding or through the facilities of any stock exchange on which the GTE Solana Exchangeable Shares are listed or quoted, at any price per share together with an amount equal to all declared and unpaid dividends for which the record date has occurred prior to the date of purchase.

In addition, subject to applicable law and its articles of incorporation, Exchangeco may at any time and from time to time purchase for cancellation GTE Solana Exchangeable Shares by private agreement with any holder of GTE Solana Exchangeable Shares.

Voting, Dividend and Liquidation Rights of Holders of GTE Solana Exchangeable Shares

On the Effective Date of the Arrangement, Gran Tierra, Exchangeco and the Exchangeco Trustee will enter into the Voting and Exchange Trust Agreement.

Voting Rights with Respect to Exchangeco

Except as required by law or under the Support Agreement, the terms of the GTE Solana Exchangeable Share Provisions or the Voting and Exchange Trust Agreement, the holders of GTE Solana Exchangeable Shares are not entitled to receive notice of, attend or vote at any meeting of shareholders of Exchangeco. See Certain Restrictions , Amendment and Approval and Gran Tierra Support Obligations below.

Voting Rights with Respect to Gran Tierra

Under the Voting and Exchange Trust Agreement, Gran Tierra will issue to the Exchangeco Trustee one share of Special B Voting Stock having attached thereto rights to that number of votes as is equal to the number of GTE Solana Exchangeable Shares issued and outstanding from time to time (other than GTE Solana Exchangeable Shares held by Gran Tierra and its affiliates), which will be held by the Exchangeco Trustee to enable the holders of GTE Solana Exchangeable Shares to have voting rights that are effectively equivalent to those of Gran Tierra stockholders.

Each holder of GTE Solana Exchangeable Shares on the record date for any meeting at which Gran Tierra stockholders are entitled to vote will be entitled to instruct the Exchangeco Trustee to cast and exercise one of the votes attaching to the Special B Voting Stock held by the Exchangeco Trustee for each GTE Solana Exchangeable Share held by the holder of GTE Solana Exchangeable Shares. The Exchangeco Trustee will exercise (either by proxy or in person) the voting rights only as directed by the relevant holder of GTE Solana Exchangeable Shares and, in the absence of voting instructions from a holder of GTE Solana Exchangeable Shares, will not exercise such votes. A beneficiary may, upon request to the Exchangeco Trustee, obtain a proxy from the Exchangeco Trustee entitling the holder of GTE Solana Exchangeable Shares to exercise directly at the meeting that number of votes attaching to the Special B Voting Stock held by the Exchangeco Trustee that corresponds to the number of GTE Solana Exchangeable Shares held by such holder.

Either the Exchangeco Trustee or Gran Tierra will send to each holder of GTE Solana Exchangeable Shares on the record date the notice of each meeting at which Gran Tierra stockholders are entitled to vote, together with the related meeting materials and a statement as to the manner in which the beneficiary may instruct the Exchangeco Trustee to

exercise the voting rights to which the beneficiary is entitled. Such mailing

66

TABLE OF CONTENTS

by the Exchangeco Trustee or Gran Tierra will commence on the same day as Gran Tierra sends such notice and materials to Gran Tierra stockholders. Either the Exchangeco Trustee or Gran Tierra will also send to each beneficiary copies of all proxy materials, information statements, interim and annual financial statements, reports and other materials sent by Gran Tierra to Gran Tierra stockholders at the same time as these materials are sent to Gran Tierra stockholders. To the extent that such materials are provided to the Exchangeco Trustee by Gran Tierra, the Exchangeco Trustee will also send to each beneficiary all materials sent by third parties to Gran Tierra stockholders, including dissident proxy circulars and tender and exchange offer circulars, as soon as reasonably practicable after such materials are delivered to the Exchangeco Trustee. Gran Tierra may undertake to provide the materials to each beneficiary in lieu of the Exchangeco Trustee distributing the materials.

All rights of a holder of GTE Solana Exchangeable Shares to instruct the Exchangeco Trustee to exercise voting rights will cease immediately before the exchange (whether by redemption, retraction, or through the exercise of the call rights) of all of such holder's GTE Solana Exchangeable Shares for shares of Gran Tierra common stock and upon the liquidation, dissolution or winding-up of Exchangeco or Gran Tierra. Holders will be entitled to vote the shares of Gran Tierra common stock they receive in such circumstances.

Dividend Rights

Subject to applicable law, holders of GTE Solana Exchangeable Shares will be entitled to receive dividends from Exchangeco: (i) in the case of a cash dividend declared on the shares of Gran Tierra common stock, in an amount of cash for each GTE Solana Exchangeable Share corresponding to the cash dividend declared on each share of Gran Tierra common stock; (ii) in the case of a stock dividend declared on the shares of Gran Tierra common stock to be paid in shares of Gran Tierra common stock, in the number of GTE Solana Exchangeable Shares for each GTE Solana Exchangeable Share as is equal to the number of shares of Gran Tierra common stock to be paid on each share of Gran Tierra common stock; or (iii) in the case of a dividend declared on the shares of Gran Tierra common stock in property other than cash or shares of Gran Tierra common stock, in the type and amount of property as is the same as, or economically equivalent to (as determined by the board of directors of Exchangeco in good faith and in its sole discretion), the type and amount of property declared as a dividend on each share of Gran Tierra common stock. Cash dividends on the GTE Solana Exchangeable Shares are payable in U.S. dollars or the Canadian dollar equivalent thereof, at the option of Exchangeco. The declaration date, record date and payment date for dividends on the GTE Solana Exchangeable Shares will be the same as the relevant date for the corresponding dividends on the shares of Gran Tierra common stock.

Gran Tierra has never declared or paid any cash dividends on its common stock. Any decision to pay dividends on the common stock will be made by the Gran Tierra Board on the basis of Gran Tierra's earnings, financial requirements and other conditions that the Gran Tierra Board may consider appropriate in the circumstances.

In the case of a stock dividend declared on the shares of Gran Tierra common stock to be paid in shares of Gran Tierra common stock, in lieu of declaring a corresponding stock dividend on the GTE Solana Exchangeable Shares, the board of directors of Exchangeco may, in good faith and in its discretion and subject to applicable law, subdivide, redivide or change each issued and unissued GTE Solana Exchangeable Share on the basis that each GTE Solana Exchangeable Share before the subdivision becomes a number of GTE Solana Exchangeable Shares as is equal to the sum of: (i) one share of Gran Tierra common stock; and (ii) the number of shares of Gran Tierra common stock to be paid as a stock dividend on each share of Gran Tierra common stock. Such subdivision will become effective on the payment date for the dividend declared on the shares of Gran Tierra common stock without any further action on the part of the board

of directors of Exchangeco. The record date to determine holders of GTE Solana Exchangeable Shares entitled to receive GTE Solana Exchangeable Shares in connection with any subdivision of GTE Solana Exchangeable Shares and the effective date of the subdivision will be the same dates as the record date and payment date, respectively, for the corresponding stock dividend declared on shares of Gran Tierra common stock.

Liquidation Rights with Respect to Exchangeco

On the liquidation, dissolution or winding-up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs, holders of the GTE Solana

67

TABLE OF CONTENTS

Exchangeable Shares will have, subject to applicable law, preferential rights to receive from Exchangeco the liquidation amount for each GTE Solana Exchangeable Share held. When a liquidation, dissolution or winding-up occurs, Callco will have an overriding liquidation call right to purchase all of the outstanding GTE Solana Exchangeable Shares (other than GTE Solana Exchangeable Shares held by Gran Tierra and its affiliates) from the holders of GTE Solana Exchangeable Shares on the effective date of the liquidation, dissolution or winding-up of Exchangeco or any distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs, for a purchase price per share equal to the liquidation amount, which will be fully paid and satisfied by the delivery of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share.

When an insolvency event occurs, and while it continues, each holder of GTE Solana Exchangeable Shares (other than Gran Tierra and its affiliates) will be entitled to instruct the Exchangeco Trustee to exercise the exchange right with respect to GTE Solana Exchangeable Shares held by such holder, thereby requiring Gran Tierra to purchase such GTE Solana Exchangeable Shares from the holder. As soon as practicable after the occurrence of an insolvency event or any event which may, with the passage of time and/or the giving of notice, become an insolvency event, Exchangeco and Gran Tierra will give written notice of the event to the Exchangeco Trustee. As soon as practicable after receiving the notice, the Exchangeco Trustee will notify each holder of GTE Solana Exchangeable Shares of the event or potential event and advise the holder of its exchange right. The purchase price payable by Gran Tierra for each GTE Solana Exchangeable Share purchased under the exchange right will be equal to the GTE Solana Exchangeable Share price on the last business day prior to the day of closing of the purchase and sale of the GTE Solana Exchangeable Share under the exchange right, which will be fully paid and satisfied by the delivery of one share of Gran Tierra common stock and any dividends payable and unpaid on such GTE Solana Exchangeable Share.

An insolvency event will occur in respect of Exchangeco upon: (i) the institution by Exchangeco of any proceeding to be adjudicated a bankrupt or insolvent or to be wound up, or the consent of Exchangeco to the institution of bankruptcy, insolvency or winding-up proceedings against it; (ii) the filing of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including the *Companies Creditors Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and Exchangeco's failure to contest in good faith such proceedings commenced in respect of Exchangeco within 30 days of becoming aware of the proceedings, or the consent by Exchangeco to the filing of any such petition or to the appointment of a receiver; (iii) the making by Exchangeco of a general assignment for the benefit of creditors, or the admission in writing by Exchangeco of its inability to pay its debts generally as they come due; or (iv) Exchangeco not being permitted, pursuant to solvency requirements of applicable law, to redeem any retracted GTE Solana Exchangeable Shares pursuant to the GTE Solana Exchangeable Share conditions.

Liquidation Rights with Respect to Gran Tierra

A liquidation event will occur in respect of Gran Tierra upon: (i) the determination by the Gran Tierra Board to institute voluntary liquidation, dissolution, or winding-up proceedings with respect to Gran Tierra or to effect any other distribution of its assets among its stockholders for the purpose of winding-up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution winding-up or other distribution; or (ii) receipt by Gran Tierra of notice of, or Gran Tierra otherwise becoming aware of, any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Gran Tierra or to effect any distribution of assets of Gran Tierra among its stockholders for the purpose of winding-up its affairs, in each case where Gran Tierra has failed to contest in good faith any such proceeding commenced in respect of Gran Tierra within 30 days of becoming aware of the proceeding.

In order for the holders of the GTE Solana Exchangeable Shares to participate on a pro rata basis with the holders of shares of Gran Tierra common stock, immediately prior to the effective time of a liquidation event, each GTE Solana Exchangeable Share will, pursuant to the automatic exchange right, automatically be exchanged for such number of shares of Gran Tierra common stock equal to the GTE Solana Exchangeable Share price under the Voting and Exchange Trust Agreement. Upon a holder's request and surrender of GTE Solana Exchangeable Share certificates, duly endorsed in blank and accompanied by such instruments of transfer as Gran Tierra may reasonably require, Gran Tierra will deliver to the holder certificates representing an equivalent number of shares of Gran Tierra common stock. For a description of Gran Tierra's obligations

68

TABLE OF CONTENTS

relating to the dividend and liquidation rights of the holders of GTE Solana Exchangeable Shares, see Certain Restrictions and Gran Tierra Support Obligations below.

Withholding Rights

Each of Gran Tierra, Callco, Exchangeco, Exchangeco's transfer agent and the Exchangeco Trustee will be entitled to deduct and withhold from any dividend or other consideration otherwise payable to any holder of GTE Solana Exchangeable Shares or shares of Gran Tierra common stock such amounts as each of Gran Tierra, Callco, Exchangeco, Exchangeco's transfer agent or the Exchangeco Trustee is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada), the *United States Internal Revenue Code of 1986*, as amended, the *Code*, or any provision of federal, provincial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes as having been paid to the holder of the GTE Solana Exchangeable Shares or shares of Gran Tierra common stock, as the case may be, in respect of which the deduction and withholding was made, provided that the withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount required to be deducted or withheld from any payment to a holder exceeds the cash portion of the dividend or other consideration otherwise payable to the holder, Gran Tierra, Callco, Exchangeco, Exchangeco's transfer agent and the Exchangeco Trustee are authorized to sell or otherwise dispose of the portion of the consideration necessary to provide sufficient funds to Gran Tierra, Callco, Exchangeco, Exchangeco's transfer agent or the Exchangeco Trustee, as the case may be, to enable it to comply with the deduction or withholding requirement and Gran Tierra, Callco, Exchangeco, Exchangeco's transfer agent or the Exchangeco Trustee, as the case may be, will notify the holder and remit to the holder any unapplied balance of the net proceeds of such sale.

Ranking

The GTE Solana Exchangeable Shares will have a preference over the common shares of Exchangeco and any other shares ranking junior to the GTE Solana Exchangeable Shares with respect to the payment of dividends and the

distribution of assets in the event of a liquidation, dissolution or winding-up of Exchangeco, whether voluntary or involuntary, or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs. See Information About The Share Capital of Gran Tierra and Gran Tierra Exchangeco Inc.

Certain Restrictions

So long as any of the GTE Solana Exchangeable Shares are outstanding, Exchangeco will not, without the approval of the holders of the GTE Solana Exchangeable Shares as described below under Amendment and Approval :

pay any dividends on the common shares of Exchangeco or any other shares ranking junior to the GTE Solana Exchangeable Shares, other than stock dividends payable in common shares of Exchangeco or any other shares ranking junior to the GTE Solana Exchangeable Shares;

redeem, purchase or make any capital distribution in respect of common shares of Exchangeco or any other shares ranking junior to the GTE Solana Exchangeable Shares with respect to the payment of dividends or on any liquidation, dissolution or winding-up of Exchangeco or any other distribution of assets of Exchangeco;

redeem or purchase or make any capital distribution in respect of any other shares of Exchangeco ranking equally with the GTE Solana Exchangeable Shares with respect to the payment of dividends or on any liquidation, dissolution or winding-up of Exchangeco or any other distribution of assets of Exchangeco; or

issue any GTE Solana Exchangeable Shares or any other shares of Exchangeco ranking equally with, or superior to, the GTE Solana Exchangeable Shares other than by way of stock dividends to the holders of GTE Solana Exchangeable Shares.

These restrictions do not apply if all dividends on the outstanding GTE Solana Exchangeable Shares corresponding to dividends declared and paid to date on the shares of Gran Tierra common stock have been declared and paid on the GTE Solana Exchangeable Shares.

69

TABLE OF CONTENTS

Amendment and Approval

The rights, privileges, restrictions and conditions attaching to the GTE Solana Exchangeable Shares may be added to, changed or removed only with the approval of the holders of the GTE Solana Exchangeable Shares. Any such approval or any other approval or consent to be given by the holders of the GTE Solana Exchangeable Shares will be deemed to have been sufficiently given if given in accordance with applicable law subject to a minimum requirement that approval or consent be evidenced by a resolution passed by not less than 66 2/3% of the votes cast on the resolution (other than by Gran Tierra and its affiliates) at a meeting of the holders of GTE Solana Exchangeable Shares duly called and held at which holders of at least 25% of the outstanding GTE Solana Exchangeable Shares (other than Gran Tierra and its affiliates) are present. In the event that no quorum is present at such meeting within one-half hour after the time appointed for the meeting, the meeting will be adjourned to a place and time (not less than five days later) designated by the chair of the meeting. At the adjourned meeting, the holders of GTE Solana Exchangeable Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed at the adjourned meeting by the affirmative vote of not less than 66 2/3% of the votes cast on the resolution (other than by Gran Tierra and its affiliates) will constitute the approval or consent of the holders of the GTE Solana Exchangeable Shares.

Gran Tierra Support Obligations

On the Effective Date, Gran Tierra, Callco and Exchangeco will enter into a Support Agreement creating specified obligations. Pursuant to the terms of the Support Agreement, Gran Tierra will make the following covenants for so long as any GTE Solana Exchangeable Shares (other than GTE Solana Exchangeable Shares owned by Gran Tierra or

its affiliates) remain outstanding:

Gran Tierra will not declare or pay dividends on shares of Gran Tierra common stock unless Exchangeco: (i) simultaneously declares or pays, as the case may be, an equivalent dividend on the GTE Solana Exchangeable Shares and has sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law, of any such equivalent dividend; or (ii) subdivides the GTE Solana Exchangeable Shares in lieu of a stock dividend thereon (as provided for in the GTE Solana Exchangeable Share provisions) and has sufficient authorized but unissued securities available to enable the subdivision;

Gran Tierra will advise Exchangeco sufficiently in advance of the declaration of any dividend on shares of Gran Tierra common stock and take other reasonably necessary actions to ensure that: (i) the declaration date, record date and payment date for dividends on the GTE Solana Exchangeable Shares are the same as those for the corresponding dividend on the shares of Gran Tierra common stock; or (ii) the record date and effective date for a subdivision of the GTE Solana Exchangeable Shares in lieu of a stock dividend (as provided for in the GTE Solana Exchangeable Share Provisions, attached to the Plan of Arrangement as Exhibit A) are the same as the record date and payment date for the stock dividend on the shares of Gran Tierra common stock;

Gran Tierra will ensure that the record date for any dividend declared on the shares of Gran Tierra common stock is not less than ten business days after the declaration date of the dividend;

Gran Tierra will take all actions and do all things reasonably necessary or desirable to enable and permit Exchangeco, in accordance with applicable law, to pay to the holders of the GTE Solana Exchangeable Shares the applicable liquidation amount, redemption price or retraction price in the event of a liquidation, dissolution or winding-up of Exchangeco, a retraction request by a holder of GTE Solana Exchangeable Shares or a redemption of GTE Solana Exchangeable Shares by Exchangeco, including delivering shares of Gran Tierra common stock to holders of GTE Solana Exchangeable Shares;

Gran Tierra will take all actions and do all things reasonably necessary or desirable to enable and permit Callco, in accordance with applicable law, to perform its obligations arising upon the exercise by it of the call rights, including delivering shares of Gran Tierra common stock to holders of GTE Solana Exchangeable Shares in accordance with the applicable call right; and

70

TABLE OF CONTENTS

Gran Tierra will not (and will ensure that Callco or any of its affiliates does not) exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding-up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs nor take any action or omit to take any action (and Gran Tierra will not permit Callco or any of its affiliates to take any action or omit to take any action) that is designed to result in the liquidation, dissolution or winding up of Exchangeco or any other distribution of the assets of Exchangeco among its shareholders for the purpose of winding up its affairs.

The Support Agreement and the GTE Solana Exchangeable Share provisions provide that so long as any GTE Solana Exchangeable Shares not owned by Gran Tierra or its affiliates are outstanding, Gran Tierra will not, without the prior approval of Exchangeco and the holders of the GTE Solana Exchangeable Shares given in the manner described above under Amendment and Approval , and subject to specified exceptions, issue or distribute shares of Gran Tierra common stock, securities exchangeable for or convertible into or carrying rights to acquire shares of Gran Tierra common stock, rights, options or warrants to subscribe for or to purchase shares of Gran Tierra common stock, evidences of indebtedness or other assets of Gran Tierra, to all or substantially all of the then outstanding holders of shares of Gran Tierra common stock, nor will Gran Tierra subdivide, redivide, reduce, combine, consolidate, reclassify or otherwise change the shares of Gran Tierra common stock or effect an amalgamation, merger, reorganization or other transaction affecting the shares of Gran Tierra common stock, unless the same or an economically equivalent distribution or change is simultaneously made to the GTE Solana Exchangeable Shares (or in the rights of the holders thereof). The board of directors of Exchangeco is conclusively empowered to determine in good faith and in its sole discretion whether any corresponding distribution on or change to the GTE Solana

Exchangeable Shares is the same as, or economically equivalent to, any proposed distribution on or change to the shares of Gran Tierra common stock. In the event of any proposed tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to the shares of Gran Tierra common stock which is recommended or otherwise approved or consented to by the Gran Tierra Board and in connection with which the GTE Solana Exchangeable Shares are not redeemed by Exchangeco or purchased by Callco under the redemption call right, Gran Tierra will use reasonable best efforts to take all actions necessary or desirable to enable holders of GTE Solana Exchangeable Shares to participate in the transaction to the same extent and on an economically equivalent basis as the holders of shares of Gran Tierra common stock.

The Support Agreement, the Voting and Exchange Trust Agreement and the GTE Solana Exchangeable Share Provisions also provide that in the event of a Gran Tierra control transaction: (i) in which Gran Tierra merges or amalgamates with, or in which all or substantially all of the then outstanding shares of Gran Tierra common stock are acquired by one or more other corporations to which Gran Tierra is, immediately before such merger, amalgamation or acquisition, related within the meaning of the *Income Tax Act* (Canada) (otherwise than by virtue of a right referred to in paragraph 251(5)(b) thereof); (ii) which does not result in an acceleration of the redemption date in connection with the failure to approve an exempt GTE Solana Exchangeable Share voting event; and (iii) in which all or substantially all of the then outstanding shares of Gran Tierra common stock are converted into or exchanged for shares or rights to acquire shares, referred to as the **Other Shares**, of another corporation, referred to as the **Other Corporation**, that, immediately after such Gran Tierra control transaction, owns or controls, directly or indirectly, Gran Tierra; then all references to Gran Tierra shall be deemed to be references to the Other Corporation, and all references in those documents to shares of Gran Tierra common stock will thereafter be and be deemed to be references to Other Shares (with appropriate adjustments, if any) without any need to amend the terms and conditions of the GTE Solana Exchangeable Shares and without any further action required. In addition, Gran Tierra will cause the Other Corporation to deposit one or more voting securities of such Other Corporation to allow the holders of GTE Solana Exchangeable Shares (other than Gran Tierra and its affiliates) to exercise voting rights in respect of the Other Corporation substantially similar to those described under Voting Rights with Respect to Gran Tierra above.

In order to assist Gran Tierra in complying with its obligations under the Support Agreement and to permit Callco to exercise the call rights, Exchangeco is required to notify Gran Tierra and Callco if specified events occur, such as the liquidation, dissolution or winding-up of Exchangeco, Exchangeco's receipt of a retraction request from a holder of GTE Solana Exchangeable Shares, the determination of a redemption date,

71

TABLE OF CONTENTS

the issuance by Exchangeco of any GTE Solana Exchangeable Shares or rights to acquire GTE Solana Exchangeable Shares, and upon receiving notice of a change of law.

Under the Support Agreement, Gran Tierra and Callco have agreed not to exercise any voting rights attached to the GTE Solana Exchangeable Shares owned by it or any of its affiliates on any matter considered at meetings of holders of GTE Solana Exchangeable Shares. Gran Tierra has also agreed to use reasonable best efforts to enable Exchangeco to maintain a listing for the GTE Solana Exchangeable Shares on a Canadian stock exchange.

With the exception of administrative changes for the purpose of adding covenants, making specified necessary amendments or curing ambiguities or clerical errors (in each case provided that the board of directors of each of Gran Tierra, Exchangeco and Callco are of the opinion that such amendments are not prejudicial to the interests of the holders of the GTE Solana Exchangeable Shares), the Support Agreement may not be amended without the approval of the holders of the GTE Solana Exchangeable Shares given in the manner described above under Amendment and Approval .

Qualification of Shares of Gran Tierra Common Stock

Under the Support Agreement, Gran Tierra will agree to ensure that all shares of Gran Tierra common stock to be delivered by it under the Support Agreement or on the exercise of the rights granted to the Exchangeco Trustee under the Voting and Exchange Trust Agreement are duly registered, qualified or approved under applicable Canadian and United States securities laws, if required, so that such shares may be freely traded by the holder thereof (other than any restriction on transfer by reason of a holder being a control person of Gran Tierra for purposes of Canadian law, or an affiliate of Gran Tierra for the purposes of U.S. law). In addition, Gran Tierra will take all actions necessary to cause all such shares of Gran Tierra common stock to be listed or quoted for trading on all stock exchanges or quotation systems on which outstanding shares of Gran Tierra common stock are then listed or quoted for trading (currently TSX and AMEX).

Treatment of Stock Options

Vesting

Pursuant to the Plan of Arrangement, each outstanding option to purchase Solana Shares granted under Solana's stock option plan will become fully vested, notwithstanding any contingent vesting provisions to which it might otherwise have been subject, at the Effective Time.

Exchange Election

If a Solana optionholder provides to Gran Tierra, on or before the third business day prior to the Effective Date, a duly completed written election designating that any portion of its Solana options be exchanged for Solana Shares such option will be deemed surrendered to Solana at the Effective Time in exchange for the number of Solana Shares equal to, for each share subject to the Solana option, the fraction obtained by dividing (i) the Imputed Transaction Value less the exercise price of the Solana option, by (ii) the Imputed Transaction Value (the *Imputed Transaction Value* is the five day weighted trading price, ending on the seventh trading day before the Effective Date, on the TSX of a share of Gran Tierra common stock multiplied by 0.9527918).

Roll-Over Election

If a Solana optionholder who is a director, officer, employee or consultant whose employment or other eligible services will continue with the combined company or any of its subsidiaries after the Effective Time provides to Gran Tierra, on or before the third business day prior to the Effective Date, a duly completed written election designating that any portion of its Solana options be exchanged for Gran Tierra options, such Solana options will be cancelled and exchanged for options to purchase 0.9527918 shares of Gran Tierra common stock for each Solana Share subject to the options, with the exercise price for each such Gran Tierra option being equal to the exercise price of the Solana option exchanged divided by 0.9527918, and converted to U.S. dollars. The expiration date of each option issued upon a roll-over election, or roll-over option, will remain the same as the corresponding Solana option exchanged; other terms and conditions of the roll-over option will be as set forth in Gran Tierra's 2007 Equity Incentive Plan, as amended.

No Election, Cash-Out

Each portion of a Solana option held by a Solana optionholder which is not subject to a duly completed written exchange election or roll-over election, as set forth above, will be deemed surrendered to Solana at the Effective Time in exchange for a cash payment equal to the Imputed Transaction Value less the exercise price of the Solana option.

Treatment of Warrants

Vesting

Pursuant to the Plan of Arrangement, each outstanding warrant to purchase Solana Shares will become fully vested, notwithstanding any contingent vesting provisions to which it might otherwise have been subject, at the Effective Time.

Exchange Election

If a Solana warrant holder provides to Gran Tierra, on or before the third business day prior to the Effective Date, a duly completed written election designating that any portion of its Solana warrants be exchanged for Solana Shares, an *exchange election*, such Solana warrants will be deemed surrendered to Solana at the Effective Time in exchange for the number of Solana Shares, for each share subject to the warrant, equal to the fraction obtained by dividing (i) the Imputed Transaction Value less CDN\$2.00, by (ii) the Imputed Transaction Value.

Cash-Out Election

If a Solana warrant holder provides to Gran Tierra, on or before the third business day prior to the Effective Date, a duly completed written election designating that any portion of its Solana warrants be exchanged for cash, such Solana warrants will be deemed surrendered to Solana at the Effective Time in exchange for a cash payment, for each share subject to the warrant, equal to the Imputed Transaction Value less CDN\$2.00.

No Election

Each Solana warrant held by a Solana warrant holder which is not subject to a duly completed written exchange election or cash-out election, as set forth above, will entitle the Solana warrant holder to purchase shares of Gran Tierra common stock in accordance with the terms and conditions of such Solana warrant. Such terms and conditions provide for: (a) an adjustment such that the number of shares of Gran Tierra common stock issuable upon the exercise of the warrants is equal to the product obtained when the number of warrants is multiplied by the Exchange Ratio; and (b) an adjustment to the exercise price of the warrants equal to the quotient obtained when the exercise price of CDN\$2.00 is divided by the Exchange Ratio.

Fractional Shares

No certificates representing fractional GTE Solana Exchangeable Shares, shares of Gran Tierra common stock or Solana Shares shall be issued under the Arrangement. In lieu of any fractional shares, each registered holder of Solana Shares otherwise entitled to a fractional interest in a GTE Solana Exchangeable Share or a share of Gran Tierra common stock will receive the nearest whole number of GTE Solana Exchangeable Shares or shares of Gran Tierra common stock, respectively (with fractions equal to exactly 0.5 being rounded up); each registered holder of Solana options otherwise entitled to a fractional interest in a Solana Share will receive the nearest whole number of Solana Shares (with all fractions being rounded down); and each registered holder of Solana warrants otherwise entitled to a

fractional interest in a Solana common share will receive the nearest whole number of Solana Shares (with fractions equal to exactly 0.5 being rounded up).

73

TABLE OF CONTENTS

THE ARRANGEMENT AGREEMENT

The following is a summary of the material terms of the Arrangement Agreement. This summary is qualified in its entirety by reference to the Arrangement Agreement, the complete text of which is included as Annex B to this Joint Proxy Statement.

Exchange Ratio

Under the terms of the Arrangement Agreement, if the transaction is completed, each Solana Shareholder who is an eligible shareholder can elect to receive 0.9527918 of a GTE-Solana Exchangeable Share for each Solana Share held.

All Solana Shareholders (other than a Dissenting Shareholder) can elect to receive 0.9527918 of a share of Gran Tierra common stock. A Solana Shareholder (other than a Dissenting Shareholder) who does not make an election will receive:

- (i) 0.9527918 of a GTE-Solana Exchangeable Share for each Solana Share if its address on the Solana Share register is in Canada on the business day preceding the Effective Date; or
- (ii) 0.9527918 of a share of Gran Tierra common stock for each Solana Share if its address on the Solana Share register is not in Canada on the business day preceding the Effective Date.

Each GTE Solana Exchangeable Share will have economic and voting rights equivalent to one share of Gran Tierra common stock and will be exchangeable at any time for one share of Gran Tierra common stock, subject to limitations described in the GTE Solana Exchangeable Share Provisions, the Support Agreement, the Voting and Exchange Trust Agreement and the Plan of Arrangement.

Conditions to Closing

The Arrangement Agreement provides that the respective obligations of each party to complete the transaction are subject to a number of conditions, including the following material conditions:

receipt of Interim Order of the Court;
approval of the Arrangement by the Solana Securityholders, voting as a single class, and approval of the issuance of Gran Tierra common stock in connection with the Arrangement by the Gran Tierra stockholders;
there being no act, action, suit, proceeding, or objection preventing the consummation of the Arrangement nor any pending proceeding seeking any of the foregoing, and no law, regulation, policy, judgment, decision, order, ruling or directive threatened, enacted, entered or enforced that results in a material adverse change to either party or otherwise prohibits or renders illegal the consummation of the Arrangement;

receipt of the Final Order;
receipt of all regulatory approvals legally required for the consummation of the Arrangement, including the conditional approval to list the Gran Tierra common stock issuable under the Arrangement Agreement on the TSX, and the AMEX;
a registration statement on Form S-3, covering shares of Gran Tierra common stock issuable upon the exchange of GTE Solana Exchangeable Shares, or upon exercise of warrants or options issued in connection with the Arrangement, having been declared effective under the Securities Act and there being no proceedings commenced or threatened by

the SEC or the Commissions (as defined below);

the Articles of Arrangement having been filed with the appropriate Canadian authorities;

the Arrangement becoming effective on or prior to 5:00 p.m., Mountain Time, on November 15, 2008;

if required, the approval of the Arrangement by Gran Tierra's and Solana's lenders;

the furnishing of certified copies of the board resolutions and stockholder resolutions approving the Arrangement by both Gran Tierra and Solana;

74

TABLE OF CONTENTS

the absence of any material adverse change in the business, operations, assets, capitalization, financial condition or prospects of either party;

the representations and warranties of both parties set forth in the Arrangement Agreement being true and

correct in all material respects and the certification of such accuracy having been provided by both parties;

the parties having performed in all material respects all agreements and covenants to be performed by them under the Arrangement Agreement;

Solana and Gran Tierra having no debt;

all outstanding loans owed to Solana by any Solana director or officer being repaid in full;

Solana's employment related obligations not exceeding \$1.5 million and Solana's expenses related to the Arrangement not exceeding \$5 million;

receipt by Gran Tierra of resignations and releases from all of Solana's directors and officers; and

receipt by Gran Tierra of the Non-Solicitation Agreement from specified officers of Solana.

Covenants

Under the Arrangement Agreement, Gran Tierra and Solana have agreed to a number of covenants, including the following:

Consents and Approvals

The parties have agreed to apply for and use their reasonable best efforts to obtain all court, regulatory and other consents and approvals required for the consummation of the Arrangement and to use their reasonable best efforts to effect the transactions contemplated by the Arrangement Agreement;

Interim Operations of Gran Tierra and Solana

Until the earlier of the termination of the Arrangement Agreement or the consummation of the Arrangement, each party has agreed that, except as set forth in the Arrangement Agreement or the disclosure letters thereto, it will operate its business only in the usual, regular and ordinary manner and to the extent consistent with such operation, use all commercially reasonable efforts to preserve intact its present business organization and to consummate the Arrangement. Each party has agreed to refrain from taking any action which would be reasonably likely to prevent or materially delay the consummation of the Arrangement;

Stock Exchange Listing

Each party will use its reasonable best efforts to list the Gran Tierra common stock on the TSX and the AMEX;

No Solicitation

Solana and its representatives will not directly or indirectly solicit, initiate or encourage any proposal which constitutes or may reasonably lead to a Solana Acquisition Proposal (as defined below) from any third party. Additionally, Solana will exercise all rights to require the return or destruction of confidential information previously provided to all other parties. Notwithstanding the foregoing, Solana may at any time prior to the approval of the Arrangement by the Solana Securityholders engage in discussions or negotiations with a third party who (without any direct or indirect solicitation, initiation or encouragement by Solana) seeks to initiate such discussions or negotiations and furnish such third party with information concerning Solana which has previously been provided to Gran Tierra, if, and only to the extent that:

the third party has first made a bona fide written acquisition proposal, being a proposal that is (i) financially superior to the transaction contemplated by the Arrangement Agreement, and (ii) as to which the third party has demonstrated that the funds or other consideration necessary are available, as determined in good faith by the Solana Board, after consulting with its financial advisors, referred to herein as a **Superior Proposal**; and the Solana Board has concluded in good faith, after consulting with outside counsel, that such action is necessary for such board to act in a manner consistent with its fiduciary duties under applicable law;

75

TABLE OF CONTENTS

prior to furnishing information to or entering into discussions or negotiations with the third party, Solana provides prompt notice orally and in writing to Gran Tierra specifying the identity of the third party and receives from the third party an executed confidentiality agreement having terms substantially similar to those contained in the confidentiality agreement executed by Solana and Gran Tierra in connection with the Arrangement, providing full details forthwith of all material terms and conditions of the alternative proposal and any information provided to any such person or entity if not previously made available to Gran Tierra; and

Solana keeps Gran Tierra informed of the status and details of any such proposal.

To the extent applicable, Solana must comply with the rules relating to tender or exchange offers under the Sarbanes-Oxley Act and Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (Canada).

Solana may accept, recommend, approve or implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Solana Board has concluded in good faith, after giving effect to all proposals to adjust the terms and conditions of the Arrangement Agreement and the Arrangement which may be offered by Gran Tierra during the 72 hour notice period described under **Right to Match** below, that such action is necessary for the Solana Board to act in a manner consistent with its fiduciary duties under applicable law and Solana terminates the Arrangement Agreement and concurrently therewith pays the fees described below; and

Right to Match

Solana must give Gran Tierra at least 72 hours advance notice in writing of any decision by the Solana Board to accept, recommend, approve or implement a Superior Proposal, which notice must identify the party making the Superior Proposal and must provide full details of all material terms and conditions thereof and any amendments thereto. Solana must inform Gran Tierra of the status (including all terms and conditions thereof) of any discussions and negotiations with that party. In addition Solana must, and must cause its financial and legal advisors to, negotiate in good faith with Gran Tierra to make such adjustments in the terms and conditions of the Arrangement Agreement and the Plan of Arrangement as would enable Solana to proceed with the transactions contemplated by the Arrangement Agreement. In the event Gran Tierra proposes to amend the Arrangement Agreement and the Arrangement to provide equivalent value as is provided under the Superior Proposal, then Solana is not permitted to

enter into any agreement regarding the Superior Proposal.

As used in the Arrangement Agreement, ***Solana Acquisition Proposal*** means a proposal or offer in writing to Solana or its shareholders from any person or group which constitutes, or may reasonably be expected to lead to, (i) an acquisition of 50% or more of the voting securities of Solana, (ii) an acquisition of substantially all of the assets of Solana, (iii) an amalgamation, arrangement, merger, or consolidation involving Solana, (iv) any take-over bid, issuer bid, exchange offer, reorganization, business combination or similar transaction involving Solana, or (v) any other transaction, the consummation of which would or could reasonably be expected to (a) impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or (b) reduce the benefits to Gran Tierra under the Arrangement Agreement.

Termination

The Arrangement Agreement may be terminated prior to the Effective Time, as follows:

by mutual agreement of both parties;

by either party, if the other party fails to keep true its representations and warranties as provided in the closing conditions of the Arrangement Agreement;

by either party, if all the conditions for closing the Arrangement have not been satisfied or waived before the Effective Time;

by either party, if the required approval of the Solana Securityholders or Gran Tierra stockholders has not been obtained;

by either party, if any final and non-appealable order has been entered in any action or proceeding before any governmental entity that prevents or makes illegal the consummation of the Arrangement;

76

TABLE OF CONTENTS

by Solana, if the Gran Tierra Board or any of its committees withdraws or modifies adversely to Solana its approval or recommendation of the Arrangement Agreement, the Arrangement and the other transactions contemplated therein; by Gran Tierra, if the Solana Board or any of its committees: (i) withdraws or modifies adversely to Gran Tierra its approval or recommendation of the Arrangement Agreement, the Arrangement and the other transactions contemplated therein; or (ii) fails to reaffirm its approval or recommendation upon a request by Gran Tierra to do so or upon a Solana Acquisition Proposal being publicly announced or proposed, offered or made to the Solana Securityholders or to Solana; or

by Solana, if the Solana Board accepts, recommends, approves or implements a Superior Proposal and otherwise complies with the provisions of the Arrangement Agreement.

Upon termination of the Arrangement Agreement in accordance with its terms, neither party nor its respective officers or directors shall have any further liability under the Arrangement Agreement except that the termination fees described below shall survive such termination, and the Confidentiality Agreement between Gran Tierra and Solana dated July 26, 2007 will survive any termination. However, neither party will be released from any liability arising from the breach by that party of the Arrangement Agreement.

Termination Fees

Termination fees are payable under the Arrangement Agreement as follows:

if Solana terminates the Arrangement Agreement due to a breach by Gran Tierra of the representations and warranties required by it, which has been or could reasonably be expected to be materially adverse to Solana, then Gran Tierra

must pay Solana a cash termination fee equal to the Solana's transaction costs (including the fees and costs of professional advisors) incurred in connection with the negotiation and performance of the Arrangement and related transactions, subject to a maximum reimbursement of \$1.5 million, at the time of termination;

if Gran Tierra terminates the Arrangement Agreement due to a breach by Solana of the representations and warranties required by it, which has been or could reasonably be expected to be materially adverse to Gran Tierra, then Solana must pay Gran Tierra a cash termination fee equal to Gran Tierra's transaction costs (including the fees and costs of professional advisors) incurred in connection with the negotiation and performance of the Arrangement and related transactions, subject to a maximum reimbursement of \$1.5 million, at the time of termination;

if Solana terminates the Arrangement Agreement in connection with a determination by the Solana Board to accept, recommend, approve or implement a Superior Proposal, or if Gran Tierra terminates the Arrangement Agreement in connection with (i) the withdrawal or adverse modification by the Solana Board of its approval or recommendation of the Arrangement Agreement, the Arrangement and the other transactions contemplated in it or (ii) the failure by the Solana Board to reaffirm its approval or recommendation upon a request by Gran Tierra to do so or upon a Solana Acquisition Proposal being publicly announced or proposed, offered or made to the Solana Securityholders or to Solana, a determination by the Solana Board to accept, recommend, approve or implement a Superior Proposal, then Solana must pay Gran Tierra a cash termination fee of \$21 million, payable immediately upon written notice of termination being provided; and

if Solana terminates the Arrangement Agreement in connection with the withdrawal or adverse modification by the Gran Tierra Board of its approval or recommendation of the Arrangement Agreement, the Plan of Arrangement and the other transactions contemplated in it, then Gran Tierra must pay Solana a cash termination fee of \$21 million, payable immediately upon written notice of termination being provided.

If either party fails to promptly pay any of the above fees, then it shall pay the other party's costs and expenses in connection with any action, including the filing of any lawsuit or other legal action, taken to collect payment, together with interest on the amount of any unpaid fee at the publicly announced prime rate of the Canadian Imperial Bank of Commerce from the date such fee was first due.

77

TABLE OF CONTENTS

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties of each of Solana and Gran Tierra relating to, among other things:

the parties' organization, capital structures and qualification;
required consents;
periodic securities reports and financial information;
liabilities and litigation;
intellectual property rights;
absence of material adverse changes;
employee matters;
taxes;
environmental matters;
absence of defaults;
title to properties;
receipt of fairness opinion from each company's financial advisor;
non-existence of a Solana Shareholder rights plan that would impede the Arrangement;
compliance with necessary regulatory or governmental authorities; and

authority to enter into the Arrangement Agreement and to consummate the Arrangement.

Stock Exchange Listings

Shares of Gran Tierra Common Stock

Gran Tierra's common stock was first cleared for quotation on the OTCBB on November 11, 2005 and traded on the OTCBB from that time until April 8, 2008 under the symbol GTRE.OB. On April 8, 2008, Gran Tierra's common stock was listed on the AMEX and is trading under the symbol GTE. On February 19, 2008, Gran Tierra's common stock was listed on the TSX and is trading under the symbol GTE. Gran Tierra's AMEX and TSX listings include shares of common stock issuable upon exchange of currently outstanding GTE Goldstrike Exchangeable Shares.

Solana Shares

Solana's Shares are listed on the TSX Venture Exchange under the symbol SOR and on the AIM under the symbol SORL. Action will be taken to de-list the Solana Shares from the TSX Venture Exchange and the AIM on or after the Effective Date of the Arrangement.

Trading Prices

On July 28, 2008, the last full trading day for Gran Tierra and Solana before the public announcement of the transaction, Gran Tierra common stock closed at CDN\$5.73 on the TSX and \$5.57 on the AMEX and Solana Shares closed at CDN\$4.35 on the TSX Venture Exchange and £2.13 on the AIM.

GTE Solana Exchangeable Shares to Be Issued in Connection with the Arrangement.

On September 9, 2008, Gran Tierra applied to the TSX to conditionally approve the listing of the GTE Solana Exchangeable Shares, subject to Exchangeco fulfilling the original listing requirements of the TSX. There is no current intention to list the GTE Solana Exchangeable Shares on any other stock exchange.

Future Listing of Gran Tierra Common Stock

It is a condition to the consummation of the Arrangement that the shares of Gran Tierra common stock issuable in connection with the Arrangement be conditionally approved for listing on the TSX and the AMEX.

78

TABLE OF CONTENTS

On September 22, 2008, the TSX, conditionally approved the additional listing application for trading of the additional shares of Gran Tierra common stock to be issued pursuant to the Arrangement. In October 2008, Gran Tierra intends to apply to the AMEX for conditional approval of the listing for trading of the additional shares of Gran Tierra common stock to be issued pursuant to the Arrangement.

Eligibility for Investment in Canada

GTE Solana Exchangeable Shares

In the opinion of Davis LLP, Canadian counsel to Solana, and Blake, Cassels & Graydon LLP, Canadian counsel to Gran Tierra, the GTE Solana Exchangeable Shares, if listed on a designated stock exchange in Canada (which currently includes the TSX) at a particular time will, subject to the provisions of any particular plan, be qualified investments under the *Income Tax Act* (Canada) at such time for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and registered disability savings plans, collectively referred to as **Exempt Plans** .

Such plans are encouraged to consult with their own tax advisors.

Gran Tierra has indicated that it intends to take all actions necessary to cause Exchangeco to effect and maintain the listing of the GTE Solana Exchangeable Shares.

Voting Rights and Exchange Rights

The rights of the holders of GTE Solana Exchangeable Shares to direct the voting of the share of Gran Tierra Special B Voting Stock held by the Exchangeco Trustee under the Voting and Exchange Trust Agreement, and the rights granted to the Exchangeco Trustee to exchange GTE Solana Exchangeable Shares for shares of Gran Tierra common stock in specified circumstances, will not be qualified investments for Exempt Plans. However, as indicated under Information About Tax Considerations Canadian Federal Income Tax Considerations Shareholders Resident in Canada , Solana and Gran Tierra are of the view that the fair market value of any such rights is nominal. **Persons who hold or intend to cause Exempt Plans to acquire GTE Solana Exchangeable Shares should contact their own tax advisors, for information concerning the potential impact of holding the GTE Solana Exchangeable Shares and such rights in such plans, particularly registered education savings plans.**

Shares of Gran Tierra Common Stock

Shares of Gran Tierra common stock will, subject to the provisions of any particular plan, be qualified investments under the *Income Tax Act* (Canada) for Exempt Plans provided such shares remain listed on the AMEX or another designated stock exchange.

Regulatory Matters

United States Regulatory Agencies

Gran Tierra and Solana have each agreed to use reasonable efforts in order to obtain all regulatory approvals required in order to consummate the Arrangement.

Gran Tierra and Solana conduct operations in a number of jurisdictions where regulatory filings or approvals may be required or advisable in connection with the completion of the Arrangement, including Colombia which is discussed below. Gran Tierra and Solana are currently reviewing whether filings or approvals may be required or advisable in other jurisdictions that may be material to Gran Tierra and Solana. It is possible that any of the regulatory authorities with which filings are made may seek regulatory concessions as conditions for granting approval of the Arrangement.

Although it is not anticipated that the parties will need to submit filings pursuant to the *Hart-Scott-Rodino Act Antitrust Improvements Act of 1976*, as amended, or the *HSR Act* , the Arrangement will still be subject to potential U.S. antitrust scrutiny. Even if no filing under the HSR Act is required, at any time before or after completion of the Arrangement, the Federal Trade Commission, the Department of Justice or any state could take such action under the

antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the Arrangement, to rescind the Arrangement or to seek divestiture of particular assets of Gran Tierra

79

TABLE OF CONTENTS

or Solana. Private parties also may seek to take legal action under the antitrust laws under specified circumstances. As in every transaction, a challenge to the Arrangement on antitrust grounds may be made, and, if such a challenge is made, it is possible that Gran Tierra and Solana will not prevail.

Prior to completing the Arrangement, Gran Tierra and Solana must obtain requisite approvals from any other regulatory authorities if the failure to obtain approvals of those regulatory authorities would have a material adverse effect on Gran Tierra and its subsidiaries taken as a whole, or Solana and its subsidiaries taken as a whole, respectively, in each case after giving effect to the Arrangement.

Although we do not expect regulatory authorities to raise any significant objections in connection with their review of the Arrangement, we cannot assure you that we will obtain all required regulatory approvals or that these regulatory approvals will not contain terms, conditions or restrictions that would be detrimental to the combined company after the completion of the Arrangement.

Colombian Regulatory Agencies

The obligations of the parties to complete the Arrangement is subject to the approval by the antitrust authority of Colombia, the Superintendency of Industry and Commerce, or the *SIC*, pursuant to the Colombian merger control regime. By law, Gran Tierra and Solana shall file a notice before the SIC in order to obtain such approval. Once such notice is filed, the SIC has a period of thirty (30) business days to review the filing and issue a decision. If within this thirty (30) business day period the SIC requests from any of the parties to the transaction additional information regarding the filing, this period will commence again from the date of the answer to such request. If the SIC does not issue a decision within the thirty (30) business days counted as of the date the notification was filed or the date of the response to the request for additional information, the transaction shall be deemed approved.

On August 27, 2008 Gran Tierra and Solana filed a request to obtain the necessary authorization to complete the Arrangement before the SIC. On October 7, 2008, the authorization was received.

We do not expect that any of the abovementioned regulatory approvals, filings or any other required regulatory filings, will delay consummation of the Arrangement.

Ongoing Canadian Reporting Obligations

As the issuer of the GTE Solana Exchangeable Shares, Exchangeco, upon completion of the Arrangement, will be a reporting issuer in certain of the provinces of Canada. Exchangeco will be exempt from statutory financial and reporting requirements under applicable securities laws provided that Gran Tierra continues to file with the relevant securities regulatory authorities copies of certain of its reports filed with the SEC and that holders of the GTE Solana Exchangeable Shares receive certain materials that are sent to holders of shares of Gran Tierra common stock, including annual and interim financial statements of Gran Tierra and Gran Tierra stockholder meeting materials.

Exchangeco expects that it will be exempt from the TSX financial and reporting requirements based on the exemptions provided under applicable securities laws.

After the completion of the Arrangement, holders of GTE Solana Exchangeable Shares will receive annual and interim financial statements of Gran Tierra in lieu of financial statements of Exchangeco.

Dissenting Shareholders Rights

Under Nevada law, holders of Gran Tierra common stock will not have appraisal or dissenters rights relating to the Arrangement.

The following description of the right to dissent and appraisal to which Solana Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a person exercising such rights of dissent who seeks payment of the fair value of such Dissenting Shareholder s securities and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached to this Joint Proxy Statement as Appendix C, and the text of Section 191 of the ABCA, which is attached to this Joint Proxy Statement as Appendix J. A Dissenting Shareholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the ABCA, as modified by the Interim Order. Failure to strictly comply with the provisions of that section, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

80

TABLE OF CONTENTS

A Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing. Pursuant to the Interim Order, a Dissenting Shareholder is entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and to be paid by Solana the fair value of the securities held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last business day before the day on which the Arrangement Resolution from which such Dissenting Shareholder dissents was adopted. **A Dissenting Shareholder may dissent in respect of the Arrangement Resolution only with respect to all of the Solana securities held by such Dissenting Shareholder or on behalf of any one beneficial owner and registered in the Dissenting Shareholder s name. Only registered holders of securities may dissent. Persons who are beneficial owners of Solana securities registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that they may only do so through the registered owner of such securities. A registered holder, such as a broker, who holds securities as nominee for beneficial holders, some of whom wish to dissent, must exercise dissent rights on behalf of such beneficial owners with respect to the securities held for such beneficial owners. In such case, the demand for dissent should set forth the number of securities covered by it.**

Dissenting Shareholders must provide a written objection to the Arrangement Resolution to Solana c/o Davis LLP, Livingston Place 1000 250 2nd St SW Calgary, AB, Canada T2P 0C1, Attention: Kenneth P. Reh, by 4:00 p.m. on the fifth business day immediately preceding the date of the Solana Special Meeting. **No Solana Shareholder who has voted in favor of the Arrangement Resolution shall be entitled to dissent with the respect to the Arrangement. Under the ABCA, a vote Against the proposal will not satisfy the requirement to provide written objection.**

An application may be made to the Court by Solana or by a Dissenting Shareholder after the adoption of the Arrangement Resolution to fix the fair value of the Dissenting Shareholder s shares. If such an application to the Court is made, Solana must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the Solana Board to be the fair value of such securities. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if Solana is the applicant, or within 10 days after Solana is served with notice of

the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder, and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Solana for the purchase of such holder's Solana Shares in the amount of the offer made by Solana (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Solana securities.

A Dissenting Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Solana Shares held by all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Solana and in favor of each of those Dissenting Shareholders, and fixing the time within which Solana must pay that amount payable to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a securityholder, until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between Solana and the Dissenting Shareholder as to the payment to be made by Solana to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever occurs first, the Dissenting Shareholder will cease to have any rights as a securityholder other than the right to be paid the fair value of such holder's securities, in the amount agreed to between Solana and the Dissenting Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw the Dissenting Shareholder's dissent, or if the Arrangement has not yet become effective, Solana may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

81

TABLE OF CONTENTS

Solana will not make a payment to a Dissenting Shareholder in accordance with Section 191 if there are reasonable grounds for believing that Solana is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of Solana would thereby be less than the aggregate of its liabilities. In such event, Solana shall notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their securities, as applicable, in which case the Dissenting Shareholder may, by written notice to Solana within 30 days after receipt of such notice, withdraw such holder's written objection, in which case Solana shall be deemed to consent to the withdrawal and such Dissenting Shareholder shall be reinstated with full rights as a securityholder, failing which such Dissenting Shareholder retains status as a claimant against Solana, to be paid as soon as Solana is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Solana, but in priority to its shareholders.

All Shares held by Dissenting Shareholder who exercise their right to dissent will, if the holders are ultimately entitled to be paid the fair value thereof, be deemed to be transferred to Solana and cancelled in exchange for such fair value or will, if such Dissenting Shareholder ultimately are not so entitled to be paid the fair value thereof, be deemed to be exchanged for GTE Solana Exchangeable Shares or Gran Tierra common stock, as the case may be, on the same basis as all other securityholders pursuant to the terms of the Arrangement.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its securities. Section 191 of the ABCA requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder.

Accordingly, each Dissenting Shareholder who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of that section, the full text of which is set out in Annex J to this Joint Proxy Statement, and consult their own legal advisor.

The Arrangement Agreement provides that it is a condition to the obligations of Gran Tierra to complete the Arrangement that holders of not more than 5% of the issued and outstanding Solana Shares exercise their right of dissent as described above.

Interests of Certain Persons and Companies in the Arrangement

Pursuant to the Arrangement Agreement, Gran Tierra has agreed that all rights to indemnification existing at the time of execution of the Arrangement Agreement in favor of the directors and officers of Solana and its subsidiaries in accordance with the charter documents and bylaws of each entity and to the fullest extent permitted under the ABCA with respect to matters occurring prior to the Effective Time will continue in full force and effect without modification until the expiration of the statute of limitations with respect to those matters. Gran Tierra has further agreed that it will cause Solana to indemnify and hold harmless to the fullest extent permitted under the ABCA, each of the directors and officers of Solana against any claims, including costs and expenses (including reasonable attorney's fees), that is based on, or arises out of, the fact that such person is or was a director or officer of Solana or any Solana subsidiary. Gran Tierra also has agreed to continue in effect director and officer liability insurance for such persons for a period of five years from the Effective Time on the same terms as Solana provided for its own directors and officers on the date of the Arrangement Agreement.

Pursuant to the terms of the Plan of Arrangement, all Solana options will vest in full upon consummation of the Arrangement. The directors and officers of Solana own in the aggregate 2,910,000 options, of which 1,350,003 are currently unvested. Each holder of a Solana option can elect to either (a) receive the value of that option in Solana Shares immediately prior to the completion of the combination, in which case they would be exchanged for shares of Gran Tierra common stock or GTE Solana Exchangeable Shares, (b) receive the value of that option in cash, or (c) if they will be continuing in the employment of, or will continue to provide eligible services to, Gran Tierra or any of its subsidiaries, elect to cause those options to be exchanged for Gran Tierra options. See Treatment of Stock Options on page 72 for a description of the terms of exchange.

82

TABLE OF CONTENTS

Pursuant to the terms of the Plan of Arrangement, all Solana warrants (which have previously vested in accordance with their terms) will be deemed to have vested in full upon consummation of the Arrangement. The directors and officers of Solana own in the aggregate 7,500,000 warrants. Each holder of a Solana warrant can elect to either (a) receive the value of that warrant in Solana Shares immediately prior to the completion of the combination, in which case they would be exchanged for shares of Gran Tierra common stock or GTE Solana Exchangeable Shares, (b) receive the value of that warrant in cash, or (c) take no action, in which case the Solana warrant will automatically become a warrant to purchase Gran Tierra common stock in accordance with the terms and conditions of such Solana warrant. See Treatment of Warrants on page 73 for a description of the terms of conversion.

Directors and officers of Solana own beneficially, directly or indirectly, or exercise control or direction over, an aggregate of approximately 18,485,000 Solana Securities (approximately 6.4% of the issued and outstanding Solana Shares, 71.9% of the issued and outstanding Solana options, 100% of the issued and outstanding Solana warrants and 13.4% of the issued and outstanding Solana Securities). The directors and officers of Solana have agreed to vote the 18,485,000 Solana Securities beneficially owned by them, in favor of the Arrangement Resolution and all other matters to be considered at the Solana Special Meeting.

The employment agreements with each of Solana's executive officers do not contain change of control provisions, however, subject to certain conditions being met, these individuals will receive severance payments if they are terminated prior to expiration of their respective employment agreements, such amount not to exceed, in the

aggregate, \$1.5 million under the Arrangement Agreement. Solana has extended the expiration date of the employment agreements for each of Mr. J. Scott Price and Mr. Glenn Van Doorne from October 2, 2008 to December 31, 2008 and if there is no further extension of their respective agreements, no severance payments will be payable after that date. In addition, Mr. Ricardo Montes's employment agreement provides that he is entitled to severance payments in the event that his employment is terminated prior to May 1, 2010 in an amount equal to 100% of the salary (currently CDN\$235,000 per annum) that Mr. Montes would have earned if his employment had continued until May 1, 2010.

Following completion of the Arrangement, Mr. J. Scott Price, currently President, Chief Executive Officer and Director of Solana, and Mr. Ray Antony, currently the Chairman of the Solana Board, will join the Gran Tierra Board and will receive compensation that may include options to acquire Gran Tierra common stock and other securities, for services rendered in such capacity.

Gran Tierra has retained Blackmont to be the financial advisor to Gran Tierra and the Gran Tierra Board with respect to the Arrangement. Blackmont will receive fees from Gran Tierra for such services.

Solana has retained Tristone to be the financial advisor to Solana and the Solana Board with respect to the Arrangement. Tristone will receive fees from Solana for such services.

None of the principal holders of Solana Shares or any director or officer of Solana or any associate or any affiliate of any foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transaction that materially affected, or will materially affect, Solana or any of its affiliates except as disclosed above or elsewhere in this Joint Proxy Statement or the appendices hereto.

83

TABLE OF CONTENTS

CERTAIN INFORMATION ABOUT THE COMBINED COMPANY

General Summary

General

The combined company will be a more substantial independent oil and gas company with operations in South America. The combined company will retain the name Gran Tierra Energy Inc. and will have its executive offices in Calgary, Canada, at Gran Tierra's current executive offices.

Pro Forma Operational Information

At December 31, 2007, Gran Tierra and Solana had combined pro forma worldwide proved reserves, net of all royalties and third party interests, of approximately 14.8 million barrels of oil. On a pro forma combined basis, assuming the consummation of the Arrangement, the combined company had:

2007 oil and natural gas liquids production, net of royalties, of 2,177 barrels per day;
first six months of 2008 oil and natural gas liquids production, net of royalties, of 5,763 barrels per day;

2007 year end total land holdings of 6.5 million acres;
2007 worldwide gas production of 994 thousand cubic feet per day; and
first six months of 2008 worldwide gas production of 44 thousand cubic feet per day.

In addition, in July 2008, Gran Tierra updated its proved reserves from the Costayaco field in Colombia at June 30, 2008, which were 6.67 million barrels of oil net of royalties compared to 3.27 million barrels of oil net of royalties at year end 2007, an increase of 104%.

Pro Forma Financial Information

At June 30, 2008, on a pro forma combined basis, the combined company had:

total assets of approximately \$1,060 million;
total shareholders' equity of approximately \$766 million;
no debt;

approximately 233 million outstanding shares of common stock (including Gran Tierra common stock issuable (a) in the Arrangement, (b) upon exchange of the GTE-Solana Exchangeable Shares issued in the Arrangement, and (c) upon exchange of the GTE-Goldstrike Exchangeable Shares); and

approximately 180 employees in Canada and South America.

For the six month period ended June 30, 2008, and for the year ended December 31, 2007, on a pro forma combined basis, the combined company had:

revenues of approximately \$103 million and \$52 million, respectively.

See Unaudited Pro Forma Consolidated Financial Information About the Combined Company on page 189.

Plans for the Combined Company

Plans for Solana. Upon the combination becoming effective, Solana will become an indirect wholly owned subsidiary of Gran Tierra. Gran Tierra has no present plans or proposals which relate to or would result in an extraordinary corporate transaction with Solana following consummation of the Arrangement, such as a merger, reorganization, liquidation, a sale or transfer of a material amount of assets or any other material changes to Solana's corporate structure or business.

Board of Directors of the Combined Company. Following the consummation of the Arrangement, the Gran Tierra Board will be increased to seven members. This seven member board will include all five members of the current Gran Tierra Board, plus two additional members from the Solana Board: J. Scott Price,

TABLE OF CONTENTS

Solana's current President and Chief Executive Officer; and Ray Antony, Solana's current Chairman of the Board, will also join as members of the Gran Tierra Board.

Management of the Combined Company. The combined company will be managed by the current management of Gran Tierra.

Dividend Policy. Gran Tierra has not declared or paid cash dividends on its common stock since incorporation. After the transaction, Gran Tierra currently intends to retain earnings to finance the growth and development of its business and does not anticipate paying cash dividends in the near future. Any payment of cash dividends in the future will

depend upon Gran Tierra's financial condition, capital requirements and earnings as well as other factors the Gran Tierra Board may deem relevant. Gran Tierra's credit facility with commercial lenders restricts the dividends Gran Tierra can pay to its stockholders.

Comparative Per Share Market Price Data

For the periods indicated, the following table sets forth the high and low bid prices per share of Gran Tierra common stock on the OTCBB, traded under the symbol GTRE.OB, until April 8, 2008. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

For the period beginning April 8, 2008, these prices represent high and low sale prices per share of Gran Tierra common stock on the AMEX traded under the symbol GTE.

The following table also sets forth the high and low sale prices per share of Solana Shares, traded under the symbol SOR, on the TSX Venture Exchange, and traded under the symbol SORL, on the AIM, for the periods indicated. The quotations are as reported in published financial sources.

Gran Tierra

Period	Price Range		Trading Volume
	High US\$	Low US\$	
2005			
November 14 through December 31	\$ 2.83	\$ 1.01	5,150,499
2006			
Quarter ended March 31	\$ 6.06	\$ 2.94	18,677,360
Quarter ended June 30	\$ 5.12	\$ 2.57	8,145,342
Quarter ended September 30	\$ 3.70	\$ 1.45	5,823,943
Quarter ended December 31	\$ 1.85	\$ 1.08	10,432,143
2007			
Quarter ended March 31	\$ 1.64	\$ 0.88	9,852,467
Quarter ended June 30	\$ 1.49	\$ 0.90	13,796,290
Quarter ended September 30	\$ 2.16	\$ 1.31	29,105,829
Quarter ended December 31	\$ 2.69	\$ 1.39	19,097,575
2008			
Quarter ended March 31	\$ 4.26	\$ 2.31	61,072,626
Quarter ended June 30	\$ 8.78	\$ 3.29	126,163,767
Quarter ended September 30	\$ 8.14	\$ 3.01	102,326,470
October 1 through October 8, 2008	\$ 2.83	\$ 2.20	11,199,998

85

TABLE OF CONTENTS

Solana TSX Venture Exchange

Period	Price Range		Trading Volume
	High CDN\$	Low CDN\$	

Five Most Recent Full Years			
Year ended 2003	\$ 0.75	\$ 0.16	590,106
Year ended 2004	\$ 3.65	\$ 1.50	19,843,743
Year ended 2005	\$ 4.50	\$ 0.98	82,653,048
Year ended 2006	\$ 3.40	\$ 0.84	63,105,987
Year ended 2007	\$ 2.80	\$ 0.73	133,234,658
2006 (Quarterly)			
Quarter ended March 31	\$ 3.40	\$ 1.85	21,104,197
Quarter ended June 30	\$ 2.40	\$ 1.14	11,102,318
Quarter ended September 30	\$ 1.89	\$ 0.94	10,955,964
Quarter ended December 31	\$ 1.35	\$ 0.84	19,943,508
2007 (Quarterly)			
Quarter ended March 31	\$ 1.25	\$ 0.75	36,162,225
Quarter ended June 30	\$ 1.12	\$ 0.73	30,535,103
Quarter ended September 30	\$ 2.20	\$ 1.40	19,943,437
Quarter ended December 31	\$ 2.80	\$ 1.96	46,593,893
2008 (Quarterly)			
Quarter ended March 31	\$ 3.32	\$ 2.25	28,622,833
Quarter ended June 30	\$ 5.87	\$ 3.85	53,684,097
Quarter ended September 30	\$ 5.65	\$ 2.83	83,189,907
2008 (Most Recent Six Months)			
April	\$ 4.08	\$ 3.25	16,302,069
May	\$ 4.60	\$ 3.85	16,374,527
June	\$ 5.87	\$ 3.99	21,007,501
July	\$ 5.65	\$ 4.19	57,683,628
August	\$ 5.19	\$ 3.87	15,979,334
September	\$ 4.61	\$ 2.83	9,526,945

86

TABLE OF CONTENTS

Solana AIM

Period	Price Range		Trading Volume
	High GBP£	Low GBP£	
Five Most Recent Full Years			
Year ended 2003	N/A	N/A	N/A
Year ended 2004	N/A	N/A	N/A
Year ended 2006	N/A	N/A	N/A
Year ended 2006	£ 1.63	£ 0.40	687,700
Year ended 2007	£ 1.40	£ 0.34	1,115,591
2006 (Quarterly)			
Quarter ended March 31	£ 1.63	£ 0.93	470,900
Quarter ended June 30	£ 1.20	£ 0.57	120,400
Quarter ended September 30	£ 0.80	£ 0.43	45,400
Quarter ended December 31	£ 0.60	£ 0.40	51,000
2007 (Quarterly)			
Quarter ended March 31	£ 0.53	£ 0.34	106,977

Quarter ended June 30	£ 0.84	£ 0.34	224,658
Quarter ended September 30	£ 1.05	£ 0.70	362,400
Quarter ended December 31	£ 1.40	£ 1.02	421,551
2008 (Quarterly)			
Quarter ended March 31	£ 1.76	£ 1.10	349,255
Quarter ended June 30	£ 2.34	£ 1.61	873,013
Quarter ended September 30	£ 2.77	£ 1.67	1,620,825
2008 (Most Recent Six Months)			
April	£ 2.00	£ 1.61	156,703
May	£ 2.34	£ 1.93	205,567
June	£ 2.90	£ 2.10	510,743
July	£ 2.77	£ 2.04	484,947
August	£ 2.47	£ 1.99	880,343
September	£ 2.48	£ 1.67	255,535

On July 28, 2008, the last full trading day for Gran Tierra and Solana before the public announcement of the transaction, Gran Tierra common stock closed at \$5.57 on the AMEX and Solana Shares closed at CDN \$4.35 on the TSX Venture Exchange and £2.13 on the AIM. On October 9, 2008, the last closing price of Gran Tierra common stock on the AMEX was \$2.06 and on October 9, 2008, the last closing price of Solana Shares was CDN\$2.17 on the TSX Venture Exchange and £1.25 on the AIM.

87

TABLE OF CONTENTS

Comparative Per Share Data

The following table sets forth certain historical per common share data for Gran Tierra and Solana and unaudited pro forma and equivalent pro forma combined per common share data after giving effect to the proposed transaction under the purchase method of accounting at the exchange ratio of 0.9527918 of a share (common share of GTE-Solana Exchangeable Share) for each Solana common share. Basic and Diluted Earnings (Loss) per Common Share and Cash Dividends per Common Share are presented for the six months ended June 30, 2008 and for the year ended December 31, 2007. Book Value per Common Share and Payout Ratio are presented as of June 30, 2008 and December 31, 2007.

The data should be read in conjunction with the selected historical consolidated financial data and the unaudited pro forma consolidated financial statements included in this Joint Proxy Statement and the separate historical consolidated financial statements of Gran Tierra and Solana, including the notes thereto, incorporated by reference or included in this Joint Proxy Statement. The unaudited pro forma consolidated financial data are not necessarily indicative of the operating results or financial position that would have occurred had the transaction been consummated at the beginning of the earliest period presented and should not be construed as indicative of future operations.

	For the Year Ended December 31, 2007	For the Six Months Ended June 30, 2008
Historical Gran Tierra Basic Earnings (Loss) per Common Share ⁽¹⁾	(0.09)	0.13

Diluted Earnings (Loss) per Common Share ⁽¹⁾	(0.09)	0.11
Cash Dividend per Common Share ⁽²⁾		
Book Value per Common Share ⁽³⁾	0.81	0.97
Historical Solana		
Basic Earnings (Loss) per Common Share ⁽¹⁾	(0.08)	0.25
Diluted Earnings (Loss) per Common Share ⁽¹⁾	(0.08)	0.24
Cash Dividend per Common Share ⁽²⁾		
Book Value per Common Share ⁽³⁾	1.18	1.48
Pro Forma per Common Share Data		
Basic Earnings (Loss) per Common Share ⁽⁴⁾	(0.21)	0.04
Diluted Earnings (Loss) per Common Share ⁽⁴⁾	(0.21)	0.03
Cash Dividend per Common Share ⁽²⁾		
Pay Out Ratio ⁽⁵⁾		
Book Value per Common Share ⁽³⁾		3.43
Consolidated Equivalent Pro Forma per Common Share Data ⁽⁶⁾		
Basic Earnings (Loss) per Common Share	(0.20)	0.04
Diluted Earnings (Loss) per Common Share	(0.20)	0.03
Cash Dividend per Common Share		
Book Value per Common Share		3.26

(1) The Historical Basic Earnings (Loss) per Common Share is based upon the weighted average number of common shares of Gran Tierra and Solana outstanding for each period. The Historical Diluted Earnings (Loss) per Common Share is based upon the weighted average number of common shares and equivalent common shares outstanding for each period.

(2) Gran Tierra and Solana neither declared nor paid a dividend during any of the periods presented.

(3) The Historical Book Value per Common Share is computed by dividing shareholders' equity by the number of shares of common stock outstanding at the end of each period.

88

TABLE OF CONTENTS

(4) The unaudited Pro Forma Earnings per Common Share Data are based upon the weighted average number of common shares and equivalent common shares outstanding of Gran Tierra and Solana for each period at the exchange ratio of 0.9527918 Gran Tierra share for each Solana common share.

(5) Gran Tierra and Solana neither declared nor paid a dividend during any of the periods presented therefore no unaudited Pro Forma Payout Ratio is calculated.

(6) The unaudited Equivalent Pro Forma per Common Share Data is calculated by multiplying the Pro Forma per Common Share Data by the exchange ratio of 0.9527918.

Selected Pro Forma Financial Information Regarding the Combined Company

The following tables set forth certain selected pro forma consolidated financial information. Such information should be read in conjunction with the unaudited pro forma consolidated financial statements of Gran Tierra after giving effect to the Arrangement for the six months ended June 30, 2008 and as at and for the year ended December 31, 2007 beginning on page 189 in this Joint Proxy Statement.

The pro forma adjustments are based upon the assumptions described in the notes to the unaudited pro forma consolidated financial statements. The pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the operating or financial results that would have occurred had the

Arrangement actually occurred at the times contemplated by the notes to the unaudited pro forma consolidated financial statements or of the results expected in future periods.

(Dollars in Thousands Except per Share Amounts)	Year Ended December 31, 2007	Six Months Ended June 30, 2008
Statement of Operations Data		
Revenues and other income		
Oil and natural gas sales	\$ 50,147	\$ 101,731
Interest	1,516	1,172
Total revenues	51,663	102,903
Expenses		
Operating	14,418	12,049
Depletion, depreciation and accretion	29,991	40,695
General and administrative	29,001	15,321
Liquidated damages	7,367	
Derivative financial instruments	3,040	7,462
Foreign exchange loss	18,872	10,562
Total expenses	102,689	86,089
Income (loss) before income tax	(51,026)	16,814
Income tax	5,051	(8,576)
Net income (loss)	\$ (45,975)	\$ 8,238
Net income (loss) per common share basic	\$ (0.21)	\$ 0.04
Net income (loss) per common share diluted	\$ (0.21)	\$ 0.03
Balance Sheet Data		
Cash and cash equivalents		\$ 96,328
Working capital (including cash)		93,800
Oil and gas properties		873,595
Deferred tax asset long term		684
Total assets		1,060,137
Deferred tax liability long term		215,510
Other long-term liabilities		7,329
Shareholders equity		\$ 765,551

89

TABLE OF CONTENTS

Selected Pro Forma Operational Information Regarding the Combined Company

The following table sets out certain pro forma operational information for the oil and natural gas assets owned, directly or indirectly, on a consolidated basis by the combined company following completion of the Arrangement, for the periods indicated. Important information concerning the oil and natural gas properties and operations of Gran Tierra and Solana is contained in the Gran Tierra Annual Report on Form 10-K/A and Solana Annual Information Form, respectively, all of which are incorporated herein by reference. Readers are encouraged to carefully review those documents as the information set forth in the table below is a summary only and is qualified in its entirety by the more detailed information contained in those documents.

	Pro Forma Six Months Ended June 30, 2008	Pro Forma Year Ended December 31, 2007
Average Daily Production		
Light and medium crude oil and natural gas liquids (Bbls/d)	5,763	2,177
Natural gas (Mcf/d)	44	994
Total (Boe/d)	5,807	3,171
		Pro Forma as at December 31, 2007
Total Proved Reserves⁽¹⁾		
Light and medium crude oil (Mbbls)		14,756
Natural gas liquids (Mbbls)		
Natural gas (MMcf)		
Total (Mboe)		14,756
Net Land Holdings as at December 31, 2007 (acres)		6,505,086

Reserves for Gran Tierra have been evaluated by Gaffney, Cline & Associates, independent consultants, effective December 31, 2007. Reserves for Solana have been evaluated by DeGolyer and MacNaughton Canada Limited effective December 31, 2007. Reserves for Gran Tierra for the Costayaco Field were updated by GLJ Petroleum (1)Consultants Ltd. effective July 1, 2008, using 3-D seismic and drilling results from four wells (Costayaco-1 through -4, not including test results of Costayaco-4 as these test results were not yet available), which indicated that the Costayaco field has gross proved reserves of 20.4 million barrels of oil, compared to 8.6 million barrels of oil for these properties at December 31, 2007.

90

TABLE OF CONTENTS

Directors and Officers of the Combined Company Upon Completion of the Arrangement

The following table sets forth the name, municipality of residence and proposed office for each of the proposed directors and officers of the combined company upon completion of the Arrangement, together with their principal occupations during the last five years and the number of shares of Gran Tierra common stock and Solana Shares (and resultant combined company after giving effect to the Arrangement) beneficially owned, or over which control or direction is exercised, by such persons. The calculations assume that the Solana Shares are exchanged directly for shares of Gran Tierra common stock. The directors of the combined company shall hold office until the next annual meeting of the combined company's shareholders or until their respective successors have been duly elected or appointed.

For purposes of the disclosure below, beneficial ownership includes shares owned or over which the person has voting or dispositive power, and any additional shares which the person has the right to acquire in the future, whether or not

that right is currently exercisable.

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Dana Coffield Calgary, Alberta	President and Chief Executive Officer; Director	<p>Before joining Gran Tierra as President, Chief Executive Officer and a Director in May, 2005, Mr. Coffield led the Middle East Business Unit for EnCana Corporation, North America's largest independent oil and gas company, from 2003 through 2005. His responsibilities included business development, exploration operations, commercial evaluations, government and partner relations, planning and budgeting, environment/health/safety, security and management of several overseas operating offices. From 1998 through 2003, he was New Ventures Manager for EnCana's predecessor AEC International where he expanded activities into five new countries on three continents. Mr. Coffield was previously with ARCO International for ten years, where he participated in exploration and production operations in North Africa, SE Asia and Alaska. He began his career as a mud-logger in the Texas Gulf Coast and later as a Research Assistant with the Earth Sciences and Resources Institute where he conducted geoscience research in North Africa, the Middle East and Latin America. Mr. Coffield has participated in the discovery of over 130,000,000 barrels of oil equivalent reserves.</p> <p>Mr. Coffield graduated from the University of South Carolina with a Masters of Science degree and a doctorate (PhD) in Geology, based on research conducted in the Oman Mountains in Arabia and Gulf of Suez in Egypt, respectively. He has a Bachelor of Science degree in Geological Engineering from the Colorado School of Mines. Mr. Coffield is a member of the AAPG and the CSPG, and is a Fellow of the Explorers Club.</p>	<p>2,434,663* shares of Gran Tierra common stock/no Solana Shares (2,434,663* shares of Gran Tierra common stock post-transaction)</p> <p>* includes 1,689,683 GTE-Goldstrike Exchangeable Shares exchangeable for shares of Gran Tierra common stock, 600,000 shares of Gran Tierra common stock that may be acquired upon exercise of stock options, and 48,328 shares of Gran Tierra common stock that may be acquired upon exercise of warrants</p>

TABLE OF CONTENTS

Principal Occupation for the Five Previous Years

Name and Municipality of Residence	Proposed Office		Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Martin H. Eden Calgary, Alberta	Chief Financial Officer	<p>Mr. Eden joined Gran Tierra as Chief Financial Officer on January 2, 2007. He has over 26 years experience in accounting and finance in the energy industry in Canada and overseas. He was Chief Financial Officer of Artumas Group Inc., a publicly listed Canadian oil and gas company from April 2005 to December 2006 and was a director from June to October, 2006. He has been president of Eden and Associates Ltd., a financial consulting firm, from January 1999 to present. From October 2004 to March 2005 he was CFO of Chariot Energy Inc., a Canadian private oil and gas company. From January 2004 to September 2004, he was CFO of Assure Energy Inc., a publicly traded oil and gas company listed in the United States. From January 2001 to December 2002, he was CFO of Geodyne Energy Inc., a publicly listed Canadian oil and gas company. From 1997 to 2000, he was Controller and subsequently CFO of Kyrgoil Corporation, a publicly listed Canadian oil and gas company with operations in Central Asia. He spent nine years with Nexen Inc. (1986 – 1996), including three years as Finance Manager for Nexen's Yemen operations and six years in Nexen financial reporting and special projects areas in its Canadian head office. Mr. Eden has worked in public practice, including two years as an audit manager for Coopers & Lybrand in East Africa. Mr. Eden holds a Bachelor of Science degree in Economics from Birmingham University, England, a Masters of Business Administration from Henley Management College/Brunel University, England, and is a member of the Institute of Chartered Accountants of Alberta and the Institute of Chartered Accountants in England and Wales.</p>	<p>339,000* shares of Gran Tierra common stock/no Solana Shares (339,000* shares of Gran Tierra common stock post-transaction)</p> <p>* includes 325,000 shares of Gran Tierra common stock that may be acquired upon exercise of stock options</p>

92

TABLE OF CONTENTS

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction)
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			Owned ⁽¹⁾
		Mr. Wei is a Petroleum Engineering graduate from University of Alberta and has twenty-five years of experience as a reservoir engineer and project manager for oil and gas exploration and production in Canada, the US, Qatar, Bahrain, Oman, Kuwait, Egypt, Yemen, Pakistan, Bangladesh, Russia, Netherlands, Philippines, Malaysia, Venezuela and Ecuador, among other countries. Mr. Wei began his career with Shell Canada and later with Imperial Oil, in Heavy Oil Operations. He moved to the US in 1986 to work with Bechtel Petroleum Operations at Naval Petroleum Reserves in Elk Hills, California and eventually joined Occidental Petroleum in Bakersfield. Mr. Wei returned to Canada in 2000 as Team Leader for Qatar and Bahrain operations with AEC International and its successor, EnCana Corporation, where he worked until 2004. He completed a project management position with Petronas in Malaysia in April, 2005, before joining Gran Tierra in May, 2005.	2,092,167* shares of Gran Tierra common stock/no Solana Shares (2,092,167* shares of Gran Tierra common stock post-transaction)
Max Wei Calgary, Alberta	Vice President, Operations		* includes 1,689,683 GTE-Goldstrike Exchangeable Shares exchangeable for shares of Gran Tierra common stock, 362,500 shares of Gran Tierra common stock that may be acquired upon exercise of stock options, and 13,328 shares of Gran Tierra common stock that may be acquired upon exercise of warrants
		Mr. Wei is specialized in reservoir engineering, project management, production operations, field acquisition and development, and mentoring. He is a registered Professional Engineer in the State of California and a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. Mr. Wei has a BSc in Petroleum Engineering from the University of Alberta and Certification in Petroleum Engineering from Southern Alberta Institute of Technology.	

93

TABLE OF CONTENTS

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Rafael Orunesu Buenos Aires, Argentina	President and General Manager Gran Tierra Energy	Mr. Orunesu joined Gran Tierra in March 2005 and brings a mix of operations management, project evaluation, production geology, reservoir and production engineering as well as leadership skills to Gran Tierra, with a South American focus. He was most recently Engineering Manager	2,147,183* shares of Gran Tierra common stock/no Solana Shares (2,147,183* shares of Gran Tierra common stock post-transaction)

Argentina for Pluspetrol Peru, from 1997 through 2004, responsible for planning and development operations in the Peruvian North jungle. He participated in numerous evaluation and asset purchase and sale transactions covering Latin America and North Africa, incorporating 200,000,000 barrels of oil over a five-year period. Mr. Orunesu was previously with Pluspetrol Argentina from 1990 to 1996 where he managed the technical/economic evaluation of several oil fields. He began his career with YPF, initially as a geologist in the Austral Basin of Argentina and eventually as Chief of Exploitation Geology and Engineering for the Catriel Field in the Nuequén Basin, where he was responsible for drilling programs, workovers and secondary recovery projects.

* includes 1,689,683 GTE-Goldstrike Exchangeable Shares exchangeable for shares of Gran Tierra common stock, 337,500 shares of Gran Tierra common stock that may be acquired upon exercise of stock options, and 40,000 shares of Gran Tierra common stock that may be acquired upon exercise of warrants

Mr. Orunesu has a postgraduate degree in Reservoir Engineering and Exploitation Geology from Universidad Nacional de Buenos Aires and a degree in Geology from Universidad Nacional de la Plata, Argentina.

94

TABLE OF CONTENTS

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Edgar Dyes Bogata, Colombia	President and General Manager Gran Tierra Energy Colombia Ltd.	Mr. Dyes joined Gran Tierra through the acquisition of Argosy Energy International L.P., where he was Executive Vice-President and Chief Operating Officer. His experience in the Colombian oil industry spans twenty-one years, with the last six years in charge of Argosy Energy's planning, management, finance and administration activities. Mr. Dyes began his career with Union Texas Petroleum as a petroleum accountant, where he eventually advanced into supervision and management positions in international operations for the company. He subsequently worked for Quintana Energy Corporation; Jackson Exploration, Inc.; CSX Oil and Gas; and Garnet Resources Corporation, where he held the position of Chief Financial Officer. Mr. Dyes has worked in various financial	300,000* shares of Gran Tierra common stock/no Solana Shares (300,000* shares of Gran Tierra common stock post-transaction) * consists solely of shares of Gran Tierra common stock that may be acquired upon exercise of stock options

and management roles on projects located in the United Kingdom, Germany, Indonesia, Oman, Brunei, Egypt, Somalia, Ecuador and Colombia. Mr. Dyes holds a Bachelor's degree in Business Management from Stephen F. Austin State University, with postgraduate studies in accounting.

Jeffrey Scott Calgary, Alberta	Chairman of the Board of Directors	Mr. Scott has served as Chairman of the Gran Tierra Board since January 2005. Since 2001, Mr. Scott has served as President of Postell Energy Co. Ltd., a privately held oil and gas producing company. He has extensive oil and gas management experience, beginning as a production manager of Postell Energy Co. Ltd in 1985 advancing to President in 2001. Mr. Scott is also currently a Director of Suroco Energy, Inc., an oil and gas company Essential Energy Services Trust, and Galena Capital Corp., all of which are publicly traded companies. Mr. Scott holds a Bachelor of Arts degree from the University of Calgary, and a Masters of Business Administration from California Coast University.	2,913,861* shares of Gran Tierra common stock/no Solana Shares (2,913,861* shares of Gran Tierra common stock post-transaction)
			* includes 1,688,889 GTE-Goldstrike Exchangeable Shares exchangeable for shares of Gran Tierra common stock, 400,000 shares of Gran Tierra common stock that may be acquired upon exercise of stock options, and 274,991 shares of Gran Tierra common stock that may be acquired upon exercise of warrants

95

TABLE OF CONTENTS

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Walter Dawson Calgary, Alberta	Director	Mr. Dawson has served as a director since January 2005. Mr. Dawson is the founder of Saxon Energy Services Inc., an international oilfield services company that until recently had been a publicly traded company, and served as Chairman of the board of directors of Saxon until 2008. Before his time at Saxon, Mr. Dawson served for 19 years as President, Chief Executive Officer and a director and founded what became known as Computalog Gearhart Ltd., which is now an operating division of Precision Drilling Corp. Computalog's primary	3,038,889* shares of Gran Tierra common stock/no Solana Shares (3,038,889* shares of Gran Tierra common stock post-transaction)
			* includes 1,688,889 GTE-Goldstrike Exchangeable Shares exchangeable for shares

businesses are oil and gas logging, perforating, directional drilling and fishing tools. Mr. Dawson instituted a technology center at Computalog, located in Fort Worth, Texas, a developer of electronics designed to develop wellbore logging tools. In 1993 Mr. Dawson founded what became known as Enserco Energy Services Company Inc., formerly Bonus Resource Services Corp. Enserco entered the well servicing businesses through the acquisition of 26 independent Canadian service rig operators. Mr. Dawson is currently Chairman and a director of VGS Seismic Canada Inc., and a director of Suroco Energy Inc. and Action Energy Inc. (formerly High Plains Energy Inc.), all of which are publicly traded companies. Mr. Dawson is the sole owner and President of Perfco Investments, Ltd., an investment company.

of Gran Tierra common stock, and 225,000 shares of Gran Tierra common stock that may be acquired upon exercise of stock options

96

TABLE OF CONTENTS

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Verne Johnson Calgary, Alberta	Director	Mr. Johnson has served as a director since January 2005. Starting with Imperial Oil Limited in 1966, he has spent his entire career in the petroleum industry, primarily in western Canada, contributing to the growth of oil and gas companies of various sizes. He worked with Imperial Oil Limited until 1981 (including two years with Exxon Corporation in New York from 1977 to 1979). From 1981 to 2000, Mr. Johnson served in senior capacities with companies such as Paragon Petroleum Ltd., ELAN Energy Inc., Ziff Energy Group and Enerplus Resources Group. He was President and Chief Executive Officer of ELAN Energy Inc., President of Paragon Petroleum and Senior Vice President of Enerplus Resources Group until February 2002. Mr. Johnson retired in February 2002. Mr. Johnson is a director of Fort Chicago Energy Partners LP, Harvest Energy Trust, Essential Energy Services Trust, and Suroco Energy Inc., all publicly traded companies. Mr. Johnson received a Bachelor of Science degree in Mechanical Engineering from the University of Manitoba in 1966. He is	2,251,376* shares of Gran Tierra common stock/no Solana Shares (2,251,376* shares of Gran Tierra common stock post-transaction) * includes 1,688,889 GTE-Goldstrike Exchangeable Shares exchangeable for shares of Gran Tierra common stock, 322,500 shares of Gran Tierra common stock that may be acquired upon exercise of stock options, and 112,496 shares of Gran Tierra common stock that may be acquired upon exercise of warrants

Nicholas G. Kirton Calgary, Alberta	Director	<p>currently president of his private family company, KristErin Resources Inc.</p> <p>Mr. Kirton has served as a director since March 27, 2008. Mr. Kirton is a Chartered Accountant and former KPMG partner who retired after a thirty-eight year career at KPMG. He currently sits on the boards of directors of Canexus Income Fund and Result Energy Inc. In addition, he is a member of the Board of Governors of the University of Calgary and is a member of the Education and Qualifications Committee of the Canadian Institute of Chartered Accountants. Mr. Kirton received a Bachelor of Science (Mathematics and Physics) in 1966 from Bishop University, his Chartered Accountant designation in Quebec in 1969 and was named a Fellow of the Institute of Chartered Accountants (FCA) in Alberta in 1996, and in 2006 received the designation of ICD.D from the Institute of Corporate Directors.</p>	<p>130,000* shares of Gran Tierra common stock/no Solana Shares (130,000* shares of Gran Tierra common stock post-transaction)</p> <p>* includes 100,000 shares of Gran Tierra common stock that may be acquired upon exercise of stock options</p>
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97

TABLE OF CONTENTS

Name and Municipality of Residence	Proposed Office	Principal Occupation for the Five Previous Years	Number of Gran Tierra/Solana Shares (Gran Tierra Common Stock Post-Transaction) Owned ⁽¹⁾
Raymond Peter Antony Calgary, Alberta	Director <i>(current Chairman of Solana)</i>	<p>Independent businessman since September 2006. Most recently President of Breakside Energy Ltd., a private oil and gas exploration and production company from January, 2004 to August, 2006. Prior thereto, President of Resolution Resources Ltd., a public oil and gas exploration and production company since October, 2001. Previously held position of President of Solana until the appointment of Stephen Newton on August 12, 2004. Mr. Antony was also the Chief Financial Officer of Solana until the appointment of Scott Hamilton on March 1, 2005.</p>	<p>No shares of Gran Tierra stock/780,000 Solana Shares*</p> <p>(743,178 shares* of Gran Tierra common stock post-transaction)</p> <p>* includes 410,000 Solana Shares that may be acquired upon exercise of stock options</p>
J. Scott Price Calgary, Alberta	Director <i>(current President and Chief Executive Officer and a Director)</i>	<p>Since October 2006 President & CEO of Solana. Prior thereto Founder, President & CEO of Breakaway Energy Inc. a private international resource company, from January 2004. Also, co-founder and non-executive Chairman of Virgin Resources, a private oil and gas exploration company focussed on the Middle East, since May</p>	<p>No shares of Gran Tierra stock/7,840,000 Solana Shares* (7,469,888 shares* of Gran Tierra common stock post-transaction)</p>

of Solana) 2005. Prior thereto Founder and President and CEO of Prospect International Inc., a private international resource company since May 2003. Prior thereto President of Aventura Energy Inc., a public international oil and gas exploration and production company, from June 2000 to February 2003. * includes 300,000 Solana Shares that may be acquired upon exercise of stock options, and 3,750,000 Solana Shares that maybe acquired upon exercise of warrants

(1) Based on information provided by management.

Assuming that the Arrangement is completed, it is anticipated that the combined company's board will review the composition of the combined company's board committees following the completion of the Arrangement.

After giving effect to the Arrangement, and based on certain assumptions, the number of combined company's shares beneficially owned, directly or indirectly, or over which control or direction will be exercised, by all of the proposed directors and officers of the combined company and their associates, will be an aggregate of approximately 23,958,636 combined company shares (representing approximately 8.9% of the issued and outstanding combined company's shares), including shares issuable upon exchange of GTE Solana Exchangeable Shares and GTE Goldstrike Exchangeable Shares, and exercise of options and warrants held.

98

TABLE OF CONTENTS

Pro Forma Consolidated Capitalization of the Combined Company

The following table sets forth the consolidated capitalization of the combined company as at June 30, 2008 after giving effect to the completion of the Arrangement on a pro forma basis. See also Selected Pro Forma Financial Information Regarding the Combined Company .

Designation (Authorization) (US\$ Thousands)	Outstanding as of June 30, 2008 as Reported by Gran Tierra ⁽¹⁾	Outstanding as of June 30, 2008 Giving Effect to the Arrangement ⁽²⁾
Bank loan and long term debt		
Shareholders' Equity		
Common shares	\$ 218	\$ 341
Additional paid in capital	99,807	735,673
Warrants	10,862	36,205
Accumulated deficit	(3,309)	(6,668)
Total Shareholders' Equity	\$ 107,578	\$ 765,551

(1) 110,775,173 common shares and exchangeable shares, par value \$0.001 per share, issued and outstanding as at June 30, 2008 prior to giving effect to the Arrangement.

(2) 233,233,584 common shares and exchangeable shares, issued and outstanding as at June 30, 2008 after giving effect to the Arrangement.

Principal Holders of Combined Company Shares

After giving effect to the Arrangement, to the best of the knowledge of the directors and officers of Gran Tierra and Solana, no person will own, directly or indirectly, or exercise control or direction over the combined company shares carrying more than 10% of the votes attached to all of the issued and outstanding combined company shares.

Risk Factors

An investment in the combined company's shares should be considered highly speculative due to the nature of its activities and would be subject to certain risks. Investors should carefully consider the risks described under the headings Certain Information About Gran Tierra Risk Factors and Certain Information About Solana Risk Factors in this Joint Proxy Statement (including those risk factors incorporated by reference in this Joint Proxy Statement) as well as the risk factors described on page 23 of this Joint Proxy Statement.

99

TABLE OF CONTENTS

CERTAIN INFORMATION ABOUT GRAN TIERRA

General Summary

Gran Tierra Summary/Overview

Gran Tierra is an independent energy company engaged in oil and gas exploration, development and production. Gran Tierra owns oil and gas properties in Colombia, Argentina and Peru.

Development of Gran Tierra's Business

Gran Tierra made its initial acquisition of oil and gas producing and non-producing properties in Argentina in September 2005. During 2006, Gran Tierra acquired oil and gas producing and non-producing assets in Colombia, non-producing assets in Peru and additional properties in Argentina. As a result of these acquisitions Gran Tierra holds:

1,191,498 gross acres in Colombia (935,953 net) covering seven exploration and production contracts and two technical evaluation areas, three of which are producing and all are operated by Gran Tierra;
1,906,418 gross acres (1,488,558 net) in Argentina covering eight exploration and production contracts, three of which are producing, and all but one is operated by Gran Tierra; and
3,436,040 acres in Peru owned 100% by Gran Tierra, which constitute frontier exploration, in two exploration and production contracts operated by Gran Tierra.

Business Strategy

Gran Tierra's plan is to build an international oil and gas company through acquisition and exploitation of opportunities in oil and natural gas exploration, development and production. Gran Tierra's initial focus is in select countries in South America, currently Argentina, Colombia and Peru.

Gran Tierra is applying a two-stage approach to growth, initially establishing a base of production, development and exploration assets by selective acquisitions, and secondly achieving future growth through drilling. Gran Tierra intends to duplicate this business model in other areas as opportunities arise. Gran Tierra pursues opportunities in countries with prolific petroleum systems and attractive royalty, taxation and other fiscal terms. In the petroleum industry geologic settings with proven petroleum source rocks, migration pathways, reservoir rocks and traps are referred to as petroleum systems.

A key to Gran Tierra's business plan is positioning being in the right place at the right time with the right resources. The fundamentals of this strategy are described in more detail below:

Position in countries that are welcoming to foreign investment, that provide attractive fiscal terms and/or offer opportunities that Gran Tierra believes have been previously ignored or undervalued;

Build a balanced portfolio of production, development and exploration assets and opportunities;

Engage qualified, experienced and motivated professionals;

Establish an effective local presence;

Create alliances with companies that are active in areas and countries of interest, and consolidate initial land/property positions; and

Assess and close opportunities expeditiously.

Gran Tierra's access to opportunities stems from a combination of experience and industry relationships of the management team and board of directors, both within and outside of South America. An active market with many available deals is critical to growing a portfolio efficiently and effectively so that Gran Tierra can capitalize on its capabilities today and into the future as it grows in scale and its needs evolve.

Markets and Customers

Ecopetrol S.A., or Ecopetrol, a government agency, is the purchaser of most crude oil sold in Colombia. Gran Tierra delivers its oil to Ecopetrol through its transportation facilities which include pipelines, gathering

100

TABLE OF CONTENTS

systems and trucking. Gran Tierra markets its own share of production in Argentina. The purchaser of all Gran Tierra's oil in Argentina is Refineria del Norte S.A, or *Refiner S.A.* Gran Tierra's oil in Argentina is good quality light oil and the bulk of Gran Tierra's production is transported by pipeline and truck to Refiner S.A., although minor volumes of natural gas and natural gas liquids are sold locally. There were no sales in any other country other than Colombia and Argentina in 2007, 2006 and 2005.

Proved Reserves

As of December 31, 2007, Gran Tierra's proved reserves were 6.42 million barrels of oil net of royalties. In addition, in July 2008, Gran Tierra updated its proved reserves from the Costayaco field in Colombia at June 30, 2008, which were 6.67 million barrels of oil net of royalties compared to 3.27 million barrels of oil net of royalties at year end

2007, an increase of 104%.

Colombian Participation Agreement

Gran Tierra is party to a Colombian Participation Agreement, entered into in connection with Gran Tierra's original acquisition of Argosy Energy International, or **Argosy**, from Crosby Capital, LLC, or **Crosby**, pursuant to which Gran Tierra acquired its interests in Colombia. Pursuant to the Colombian Participation Agreement:

Crosby receives 2% of the net after government royalties sales proceeds from the properties owned by Argosy at the time of the purchase of Argosy, referred to as the **historical properties**;

if Gran Tierra's net after royalty sales proceeds with respect to a new commercial hydrocarbon discovery in the historical properties, made in the 10 years after the agreement, equals or exceeds 200% of Gran Tierra's share of capital expenditures with respect to that discovery, then Crosby can convert its right to receive the 2% of net after government royalty sales proceeds into the right to receive an interest in the net profits, calculated in accordance with a formula and schedule, and shall increase once Gran Tierra's net after government royalty sales proceeds with respect to the commercial hydrocarbon discovery equals or exceeds 300% of Gran Tierra's shared capital expenditures with respect to that discovery; and

Crosby will also receive a conditional overriding royalty, which is in addition to the amounts payable as described above, calculated based on the amount of hydrocarbons produced from the historical properties owned by Argosy, the WTI price, and Crosby's adjusted net revenue interest with respect to the historical properties.

In July 2008, Gran Tierra negotiated an amendment to the Colombian Participation Agreement to provide that, in the event that the Arrangement is consummated, Gran Tierra will issue two million shares of Gran Tierra common stock to the holders of the rights to receive payments under that agreement, in consideration for the holders agreeing that their rights to receive payments on production from the properties Gran Tierra acquired would not apply to Solana's interests in the properties in which Solana and Gran Tierra have joint working interests, even after the combination of the two companies. In the event that the combination of Gran Tierra and Solana does not occur, then Gran Tierra would not be obligated to issue the two million shares, the rights of the holders described above would not be affected and the Colombian Participation Agreement would not be amended.

Gran Tierra Recent Developments

Colombia

In September 2008 Gran Tierra announced conceptual development plans for the Costayaco Field in Colombia. Test results from the recently drilled Costayaco-5 delineation well suggest new oil reserves encountered by the well will require increasing the scale of the full field development, in addition to the reservoir productivity confirmed by the recently tested development well, Costayaco-4. The drilling of Costayaco-6 and Costayaco-7 remain on the 2008 drilling program, with a continuous delineation and development drilling campaign in the Costayaco field continuing through 2009. The details of the 2009 program are expected to be finalized in the fourth quarter of 2008.

101

TABLE OF CONTENTS

The positive well test results at Costayaco-5 further extends the field's western boundary and Gran Tierra expects it to add proved, probable, and possible reserves to the Costayaco Field. The recent mid-year Costayaco reserves update reported proved reserves of 20.54 MMBO, excluding any new reserve potential associated with Costayaco-5 results.

The base case conceptual field development prepared prior to drilling of Costayaco-5 included 50 MMBO of gross reserves for the Costayaco Field with a plateau production rate of 35,000 BOPD gross beginning in the first quarter of 2010. With the new additional reserve potential, Gran Tierra is evaluating increasing the plateau rate with additional drilling and infrastructure upgrades.

An 8-inch, 10 kilometer pipeline from the Costayaco field to the Uchupayaco Station on the existing pipeline system was completed on July 29, 2008 and is currently transporting approximately 9,000 barrels of oil per day. This new pipeline has capacity of 25,000 BOPD. Initial throughput will be constrained due to facility capacity limitations further downstream in the existing pipeline system.

Argentina

Gran Tierra completed drilling the Proa.x-1 exploration well on August 28, 2008. The company conducted a production test and obtained a stabilized gross flow rate of 2,324 BOPD. The price per barrel of oil paid to Gran Tierra by its refiner in Argentina is substantially less than the price received by Gran Tierra in Colombia and, as a result, the percentage increase in production resulting from production in Argentina will not result in a corresponding percentage increase in Gran Tierra revenues.

Long-term production testing and commercial oil sales have commenced. Crude oil is being transported through an existing 3-1/2 inch 15 kilometer pipeline with approximately 4,000 BOPD capacity to existing facilities at the Gran Tierra-operated Chivil field in the adjacent Chivil Block.

102

TABLE OF CONTENTS

Gran Tierra Selected Financial Data

The following table sets forth summary historical consolidated financial data for Gran Tierra as of and for each of the three years in the period ended December 31, 2007 and as of and for the six months ended June 30, 2008 and 2007.

The summary historical consolidated financial data have been presented in U.S. dollars under U.S. GAAP

The data set forth below should be read in conjunction with the consolidated financial statements and related notes incorporated by reference in this Joint Proxy Statement.

(Dollars in Thousands, Except per Share Amounts)	Year Ended December 31,			Six Months Ended June 30,	
	2007	2006	2005	2008	2007
Statement of Operations Data					
Revenues and other income					
Oil and natural gas sales	\$31,853	\$11,721	\$1,059	\$53,791	\$7,935
Interest	425	352		172	332
Total revenues	32,278	12,073	1,059	53,963	8,267
Expenses					
Operating	10,474	4,233	395	6,253	4,106
Depletion, depreciation and accretion	9,415	4,088	462	8,464	4,701
General and administrative	10,232	6,999	2,482	8,774	4,619

Liquidated damages	7,367	1,528			7,367
Derivative financial instruments	3,040			7,462	677
Foreign exchange (gain) loss	(77)	371	(31)	(383)	(7)
Total expenses	40,451	17,219	3,308	30,570	21,463
Income (loss) before income tax	(8,173)	(5,146)	(2,249)	23,393	(13,196)
Income tax	(294)	(678)	29	(10,191)	1,474
Net Income (loss)	\$(8,467)	\$(5,824)	\$(2,220)	\$13,202	\$(11,722)
Net income (loss) per common share basic	\$(0.09)	\$(0.08)	\$(0.16)	\$0.13	\$(0.12)
Net income (loss) per common share diluted	\$(0.09)	\$(0.08)	\$(0.16)	\$0.11	\$(0.12)

	Year Ended December 31,			Six Months Ended June 30,	
	2007 (As Restated) ⁽¹⁾	2006 (As Restated) ⁽¹⁾	2005	2008	2007
Statement of Cash Flows Data					
Operating activities	\$8,762	\$2,010	\$(1,877)	\$12,422	\$(3,689)
Investing activities	(15,393)	(48,207)	(9,108)	(11,764)	(10,569)
Financing activities	719	68,076	13,206	16,456	
(Decrease) Increase in cash	\$(5,912)	\$21,879	\$2,221	\$17,114	\$(14,258)

	At December 31,			At June 30,	
	2007	2006	2005	2008	2007
Balance Sheet Data					
Cash and cash equivalents	\$18,189	\$24,101	\$2,221	\$35,303	\$9,842
Working capital (including cash)	8,058	14,541	2,765	31,699	7,154
Oil and gas properties	63,202	56,093	7,887	71,771	60,715
Deferred tax asset	2,058	444	29	1,832	496
Total assets	112,797	105,537	12,371	167,607	98,764
Deferred tax liability	(11,675)	(9,876)		(10,582)	(11,373)
Other long-term liabilities	(1,986)	(634)	(68)	(3,932)	(2,037)
Shareholders equity	\$(76,792)	\$(76,195)	\$(11,039)	\$(107,578)	\$(72,203)

(1) As discussed in Note 13 to Gran Tierra's December 31, 2007 consolidated financial statements, cashflows

103

TABLE OF CONTENTS

from operating activities and cash flows from investing activities has been restated as a result of a misclassification of accounts payable and accrued liabilities between the two categories.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of Gran Tierra common stock as of September 30, 2008 by (1) each of its directors and named executive officers and (2) all of Gran Tierra's executive officers and directors as a group. To Gran Tierra's knowledge, there is no person who beneficially owns more than 5% of the outstanding shares of its common stock. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is 300, 611 10th Avenue,

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S.W., Calgary, Alberta T2R 0B2, Canada. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days following September 30, 2008 are deemed outstanding for computing the share and percentage ownership of the person holding such options and warrants, but are not deemed outstanding for computing the percentage of any other person. All share numbers and ownership percentage calculations below assume that all GTE-Goldstrike Exchangeable Shares have been converted on a one-for-one basis into corresponding shares of Gran Tierra common stock.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Percentage of Class Before Arrangement	Percentage of Class After Arrangement
Dana Coffield ⁽²⁾	2,130,485	1.84 %	*
Martin Eden ⁽³⁾	89,000	*	*
Max Wei ⁽⁴⁾	1,959,334	1.69 %	*
Rafael Orunesu ⁽⁵⁾	2,038,850	1.76 %	*
Edgar Dyes ⁽⁶⁾	66,667	*	*
Jeffrey Scott ⁽⁷⁾	2,730,528	2.35 %	1.15 %
Walter Dawson ⁽⁸⁾	3,105,962	2.68 %	1.32 %
Verne Johnson ⁽⁹⁾	1,762,883	1.52 %	*
Nicholas G. Kirton	30,000	*	*
Directors and officers as a group (total of 9 persons) ⁽¹⁰⁾	13,913,209	11.84 %	5.85 %

*

Less than 1%

- Beneficial ownership is calculated based on 115,595,525 shares of Gran Tierra common stock issued and outstanding as of September 30, 2008, which number includes 10,984,126 shares of common stock issuable upon the exchange of the GTE-Goldstrike Exchangeable Shares issued to certain former holders of Gran Tierra Canada's common stock. Percentage of class after Arrangement includes 120,458,410 shares of Gran Tierra common stock into which outstanding Solana Shares will convert. Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act. The number of shares beneficially owned by a person includes shares of common stock underlying options or warrants held by that person that are currently exercisable or exercisable within 60 days of September 30, 2008. The shares issuable pursuant to the exercise of those options or warrants are deemed outstanding for computing the percentage ownership of the person holding those options and warrants but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Unless otherwise indicated, the persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite that person's name, subject to community property laws, where applicable.
- (1) The number of shares beneficially owned includes an option to acquire 295,833 shares of common stock exercisable within 60 days of September 30, 2008, and shares issuable upon exercise of warrants to acquire 48,327 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 1,689,683 GTE-Goldstrike Exchangeable Shares.
- (2) The number of shares beneficially owned includes an option to acquire 75,000 shares of common stock exercisable within 60 days of September 30, 2008. The number beneficially owned includes 14,000 shares of common stock directly owned by Mr. Eden's spouse.
- (3) The number of shares beneficially owned includes an option to acquire 229,167 shares of common stock
- (4)

104

TABLE OF CONTENTS

exercisable within 60 days of September 30, 2008, and shares issuable upon exercise of a warrant to acquire 13,328 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 1,689,683 GTE-Goldstrike Exchangeable Shares.

- (5) The number of shares beneficially owned includes an option to acquire 229,167 shares of common stock exercisable within 60 days of September 30, 2008, and shares issuable upon exercise of a warrant to acquire 40,000 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 1,689,683 GTE-Goldstrike Exchangeable Shares.
- (6) The number of shares beneficially owned includes an option to acquire 66,667 shares of common stock exercisable within 60 days of September 30, 2008.
- (7) The number of shares beneficially owned includes an option to acquire 216,667 shares of common stock exercisable within 60 days of September 30, 2008, and shares issuable upon exercise of warrants to acquire 274,991 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 1,688,889 GTE-Goldstrike Exchangeable Shares.
- (8) The number of shares beneficially owned includes an option to acquire 83,334 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 825,000 shares of common stock directly owned by Perfco Investments Ltd., or *Perfco*, and 158,730 shares of common stock directly owned by Mr. Dawson's spouse. The number of shares beneficially owned includes 1,688,889 GTE-Goldstrike Exchangeable Shares, of which 1,587,302 are held by Perfco. Mr. Dawson is the sole owner of Perfco and has sole voting and investment power over the shares beneficially owned by Perfco. Mr. Dawson disclaims beneficial ownership over the shares owned by Mr. Dawson's spouse.
- (9) The number of shares beneficially owned includes an option to acquire 133,333 shares of common stock exercisable within 60 days of September 30, 2008, and shares issuable upon exercise of a warrant to acquire 112,496 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned includes 1,292,063 GTE-Goldstrike Exchangeable Shares, of which 396,825 are held by KristErin Resources, Inc., or *KristErin*, a private family-owned business of which Mr. Johnson is the President. Mr. Johnson has sole voting and investment power over the shares held by KristErin.
- (10) The number of shares beneficially owned includes options to acquire 1,379,167 shares of common stock exercisable within 60 days of September 30, 2008, and warrants to acquire 489,142 shares of common stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 9,738,890 GTE-Goldstrike Exchangeable Shares.
- In addition, upon completion of the Arrangement, the following two directors of Solana will join the Gran Tierra Board and beneficially own the following number of shares of Gran Tierra common stock, and the total number of shares of Gran Tierra common stock held by directors and executive officers following Mr. Antony's and Mr. Price's election to the Gran Tierra Board will be as follows:

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Percentage of Class
Raymond Peter Antony ⁽²⁾	743,178	*%
J. Scott Price ⁽³⁾	7,469,888	3.12 %
Directors and officers as a group (total of 11 persons) ⁽⁴⁾	22,126,175	9.29 %

*

Less than 1%

(1)

See footnote 1 to previous table.

(2) The number of shares beneficially owned includes options to acquire 390,645 shares of Gran Tierra common stock into which Mr. Antony's Solana options will be exchanged.

(3) The number of shares beneficially owned includes options to acquire 285,838 shares of Gran Tierra common stock into which Mr. Price's Solana options will be exchanged, and 3,572,969 shares of Gran Tierra common stock into which Mr. Price's Solana warrants will be exchanged.

(4) The number of shares beneficially owned includes options to acquire 1,379,167 shares of common stock exercisable within 60 days of September 30, 2008, and warrants to acquire 489,142 shares of common

TABLE OF CONTENTS

stock exercisable within 60 days of September 30, 2008. The number of shares beneficially owned also includes 9,738,890 GTE-Goldstrike Exchangeable Shares. The number of shares beneficially owned also includes the shares beneficially owned by Mr. Antony and Mr. Price. See notes 2 and 3 above.

Gran Tierra Executive Compensation and Related Information

Compensation Discussion and Analysis

All dollar amounts discussed below are in U.S. dollars. To the extent that contractual amounts are in Canadian dollars, they have been converted into U.S. dollars for the purposes of the discussion below. For discussion of 2008 salary and 2007 bonus amounts, the conversion rate at December 31, 2007 of one Canadian dollar to US \$0.9881 is used. For discussion of 2007 salary and 2006 bonus amounts, the conversion rate at December 31, 2006 of one Canadian dollar to US \$0.8581 is used.

Compensation Objectives

The overall objectives of Gran Tierra's compensation program are to attract and retain key executives who are the best suited to make Gran Tierra successful and to reward individual performance to motivate Gran Tierra's executives to accomplish Gran Tierra's goals.

Compensation Process

The Compensation Committee of the Gran Tierra Board, or the *Compensation Committee*, recommends amounts of compensation for Gran Tierra's Chief Executive Officer, or the *Chief Executive Officer*, for approval by the Gran Tierra Board. The Chief Executive Officer recommends amounts of compensation for Gran Tierra's other executive officers to the Compensation Committee, which considers these recommendations in connection with the goals and criteria discussed below. The Compensation Committee then makes its determination, taking the Chief Executive Officer's recommendations into account, and makes its recommendations to the Gran Tierra Board for approval.

Gran Tierra's practice is to consider compensation annually (at year-end), including the award of equity based compensation. Prior to 2007, Gran Tierra's compensation practices were largely discretionary. During 2007, Gran Tierra has adopted an increasingly formalized framework whereby the Compensation Committee has defined items of corporate performance to be considered in future compensation, which include budget targets (production, reserves, capital expenditures, operating costs), and which it expects will include financial measures (e.g., liquidity) and share price performance, in addition to other objectives. The Compensation Committee has defined elements of personal performance to be met by the achievement of agreed objectives. This process was initiated by the Chief Executive Officer, whose objectives have been documented and accepted by the Gran Tierra Board. Objectives for the remaining executives are within the context of the Chief Executive Officer's objectives and include other, more specific goals.

Elements of Compensation

The Compensation Committee, which consists of three non-executive directors, has determined that Gran Tierra shall have three basic elements of compensation—base salary, cash bonus and equity incentives. Each component has a different purpose.

Gran Tierra believes that base salaries at this stage in Gran Tierra's growth must be competitive in order to retain executives. Gran Tierra believes that principal performance incentives should be in the form of long-term equity incentives given the financial resources of Gran Tierra and the longer-term nature of Gran Tierra's business plan. Long-term incentives to date have been in the form of stock options but Gran Tierra's equity plan also provides for other incentive forms, such as restricted stock and stock bonuses, which the Compensation Committee is not considering at this time. Short-term cash bonuses are a common element of compensation in Gran Tierra's industry and among Gran Tierra's peers to which Gran Tierra must pay attention, but Gran Tierra's ability and desire to use cash bonuses are closely tied to its immediate cash resources. The Compensation Committee ultimately considers the split between the three forms of compensation relative to Gran Tierra's peers for each position, relative to the contributions of each executive, the operational and financial achievements of Gran Tierra and Gran Tierra's financial resources. This exercise has been based on consensus among the members of the Compensation Committee.

106

TABLE OF CONTENTS

Executive compensation through 2005 and the first part of 2006 was sufficient to attract and retain Gran Tierra's management team but had fallen significantly behind industry norms by the end of 2006 and as Gran Tierra grew beyond a start-up phase. In late-2006, the Compensation Committee determined that it was necessary to review compensation and subscribed to the compensation survey described below as a starting point for a more structured and competitive compensation process. Gran Tierra's goal is to provide competitive compensation and an appropriate compensation structure for an emerging oil and gas company relative to Gran Tierra's stage of growth, financial resources and success.

Third Party Source Used

In late 2006, Gran Tierra subscribed to the 2006 Mercer Total Compensation Survey for the Petroleum Industry, which covers oil and gas companies located in Canada, and which presents compensation components and statistical ranges by position description for peer groupings within the industry. The survey is published annually and is widely recognized as a leading survey of its kind in Canada. In 2007, the company subscribed to the 2007 Mercer Total Compensation Survey for the Petroleum Industry in order to provide information for 2008 salaries and 2007 bonuses.

The survey provider is Mercer Human Resource Consulting. The primary purpose of the survey is to collect and consolidate meaningful data on salaries and benefits in the oil and gas industry in Canada, including those with international operations. The original survey participants were 158 companies in the oil and gas industry based in Canada, including those with international operations. The survey divided the 158 companies into six peer groups based on relative levels of production and revenues. There are 48 companies in Gran Tierra's peer group with average production between 1,000 and 4,000 barrels of oil equivalent per day, including those with international operations.

The results of the survey and the participants are confidential and cannot be disclosed in accordance with the confidentiality agreement signed with the survey provider.

Salary

Salary amounts for Gran Tierra's executive officers for 2006 were pre-determined based on individually-negotiated agreements with each of the executive officers when they joined Gran Tierra. Prior to November 2005, Gran Tierra was a private Canadian company incorporated in January 2005. For 2005 and for 2006, the four inaugural executives of Gran Tierra received the same base salary of approximately \$150,000 per year. Rafael Orunesu, who is President of

Gran Tierra's operations in Argentina, was Gran Tierra's first hire in March 2005. Mr. Orunesu negotiated his employment agreement directly with the Gran Tierra Board. Dana Coffield, James Hart and Max Wei, who are located in Calgary, joined Gran Tierra in May 2005 and collectively negotiated terms of their employment with the Gran Tierra Board. As a start-up company with limited financial resources, base salary in all instances was a discount to

prior base salaries for each executive at their previous employer. All executives agreed to the same base compensation to reflect the team nature of the venture. All signed employment agreements outlined the potential for base salary increases, equity incentives and cash bonuses if deemed appropriate by the Gran Tierra Board. The agreements did not specify the amount or any criteria for determining the bonuses and equity incentives, and so these determinations may be made by the Gran Tierra Board in its sole discretion. The executives purchased founding shares to substantiate their commitment to Gran Tierra and provide additional financial incentives.

In April 2006, Mr. Dyes became Gran Tierra's President, Argosy Energy/Gran Tierra Energy Colombia. He too negotiated his employment agreement, which provided for his annual base salary of \$105,000 plus an annual supplemental salary of up to \$42,000, the exact amount to be determined by the amount of time that he spends in Colombia in excess of what is required under the employment agreement. This agreement, too, did not specify the amount or any criteria for determining the bonuses and equity incentives, and so these determinations may be made by the Gran Tierra Board in its sole discretion.

In January 2007, Mr. Eden became Gran Tierra's Chief Financial Officer. The terms of Mr. Eden's employment agreement were individually negotiated by Mr. Eden, and are described below in Agreements with Executive Officers. The agreement did not specify the amount or any criteria for determining the bonuses and equity incentives, and so these determinations may be made by the Gran Tierra Board in its sole discretion.

107

TABLE OF CONTENTS

James Hart, Gran Tierra's previous Chief Financial Officer, continued as an employee in the capacity of Chief Strategy Officer until February 28, 2007. After his resignation as an employee, he continued with Gran Tierra as a director until October 10, 2007, at which time he resigned his directorship.

Base salaries for 2008 will be as follows:

Mr. Coffield \$261,847

Mr. Eden \$233,439

Mr. Wei \$216,809

Mr. Orunesu \$207,000

Mr. Dyes \$220,000

For 2007, the Compensation Committee recommended to the Gran Tierra Board, and the Gran Tierra Board approved, modest increases to the salaries of Gran Tierra's executive officers, so that their annual salaries for 2007 were as follows:

Mr. Coffield \$214,525

Mr. Hart \$193,073

Mr. Wei \$171,620

Mr. Orunesu \$180,000

Mr. Dyes \$180,000

Mr. Eden \$193,073

Base salaries were determined by the Compensation Committee based upon its review of the Mercer survey, targeting the 50th - 70th percentile as being appropriate to retain the services of Gran Tierra's executives, the exact amount determined by the Compensation Committee's subjective assessment of the appropriate salary for each executive given their performance and roles within Gran Tierra.

Bonus

In 2006, the Compensation Committee used the Mercer survey to establish bonuses for Gran Tierra's executives. In doing so, the Compensation Committee targeted the 50th - 75th percentile for the position within the peer group for the industry as being appropriate to retain the services of Gran Tierra's executives. In doing so, the Compensation Committee did not use any pre-determined criteria or formulas, but rather based its decisions within that range based on its subjective assessment of the executives' contribution to Gran Tierra, Gran Tierra's operational and financial results, and Gran Tierra's financial resources, taken as a whole.

Target bonuses for 2007 for Gran Tierra's executive officers were not established. For 2007, the Compensation Committee used the 2007 Mercer survey to establish the level of bonuses for Gran Tierra's executives. The Compensation Committee again targeted the 50th - 75th percentile for the position within the peer group for the industry as being appropriate to retain the services of Gran Tierra's executives. The Compensation Committee determined bonuses for Gran Tierra's executives based on assessment of performance against individual objectives for 2007, in addition to consideration of Gran Tierra's operational and financial results, and financial resources.

The weighting of all of the individual performance objectives and the percentage contribution of the individual performance objectives was assessed by the Compensation Committee in determining bonuses.

Individual objectives defined for 2007 were as follows:

Chief Executive Officer The principal objectives for Gran Tierra's Chief Executive Officer and President, which have been recommended by the Compensation Committee and approved by the Gran Tierra Board, are as follows:

execute approved \$13.5 million capital expenditure work program (within +/- 10% of budget) which includes the drilling of 10 exploration wells, 8 in Colombia and 2 in Argentina;

108

TABLE OF CONTENTS

exit 2007 at production rate of 2,000 barrels of oil per day, net after royalty;
add 2.9 million barrels of proven, probable and possible oil reserves;
maintain direct finding costs for new oil reserves at \$4.67 per barrel;
reduce general and administration costs by 10% on a barrel of oil produced basis;
reduce operating costs by 10% per barrel of oil produced;
environment Health Safety and Security meet or exceed relevant industry standards; target zero lost time incidents;
ensure all regulatory and financial commitments with host government agencies are met;
ensure, with the Chief Financial Officer, that all financial reporting, controls and procedures, budgeting and forecasting, and corporate governance requirements are identified and maintained;
move Gran Tierra off the OTC Bulletin Board to a senior exchange;
resolve current registration statement and associated penalty issues;
revise Gran Tierra's strategy and position to execute next step change in growth; and

increase both personal and Gran Tierra exposure to current and potential new shareholder base.

Chief Financial Officer The principal objectives for Gran Tierra's Chief Financial Officer are as follows:

- maintain, develop and enhance management and financial reporting systems;
- develop and enhance budgeting and forecasting systems;
- assist the Chief Executive Officer in developing corporate strategy and long-term plan;
- ensure compliance with Sarbanes-Oxley Act requirements, including implementation of corporate governance, internal controls and financial disclosure controls;
- secure additional sources of financing as required;
- assist the Chief Executive Officer in developing and implementing an investor relations strategy;
- address tax planning strategies; and
- assist the Chief Executive Officer in developing administration and human resources function.

Vice-President, Operations The principal objectives for Gran Tierra's Vice-President, Operations are:

- exit 2007 at 2,000 barrels of oil per day, net after royalty;
- add 2.9 million barrels of proven, probable and possible oil reserves;
- reduce operating costs by 10% per barrel of oil produced;
- meet or exceed relevant Environment Health Safety and Security industry standards, targeting zero lost time incidents;
- design, implement, test and monitor emergency response plans for all operating arenas;
- complete 2007 drilling/workover program within budget and without incidents;
- design and manage peer review of all proposed drilling, production and facility upgrade projects, ensuring standardized commercial evaluations are undertaken for each;
- design and manage post-mortem reviews of all drilling, production and facility upgrade projects, explaining any deviations from plan or budget, and distributing learnings to peers for integration into future projects;

109

TABLE OF CONTENTS

identify opportunities from current portfolio of exploration and development leads on Gran Tierra's existing land base for 2008 drilling; and

ensure integration of all IT (Information Technology) applications and hardware in all Gran Tierra's operating offices.

President, Gran Tierra Energy Colombia and the President, Gran Tierra Argentina The principal objectives for the President, Gran Tierra Energy Colombia and the President, Gran Tierra Argentina for 2007 have been defined in context of the 2007 Budget, which defines a work program, capital expenditure budget and operating results for the year. No personal objectives have been defined at this time.

Target bonuses for 2008 for Gran Tierra's executive officers have not been set. The weighting of all of the individual performance goals have not been determined, nor has the percentage contribution of the individual performance goals to bonus determination been determined, but will be set prior to the end of 2008.

Individual objectives defined for 2008 are as follows:

Chief Executive Officer The principal objectives for Gran Tierra's Chief Executive Officer and President, which have been recommended by the Compensation Committee and approved by the Gran Tierra Board, are as follows:

execute approved 2008 budget including \$56.8 million capital expenditure work program (within +/- 10% of budget) which includes the drilling of 6 development wells in Colombia, and 3 exploration wells, 2 in Colombia and 1 in Argentina;

- exit 2008 at production rate of 4,200 barrels of oil per day, net after royalty;
- improve operating efficiencies to reduce general and administrative costs and operating costs on a barrel of oil produced basis;

ensure appropriate Environmental, Health, Safety and Security programs are designed, implemented and monitored to meet or exceed relevant industry standards. Target zero Lost Time Incidents amongst employees;
ensure effective community relations programs are designed, implemented and monitored in all of Gran Tierra Energy's operating environments;

finalize Stock Exchange Listings in Canada and US;

ensure compliance with Sarbanes-Oxley Act requirements, including implementation of corporate governance, internal controls, and financial disclosure controls, and IT controls, and develop a Sarbanes-Oxley Act maintenance program for 2008 and beyond;

ensure management and financial reporting systems, budgeting and forecasting systems are developed and maintained;

ensure all tax, regulatory and contractual obligations are maintained in all jurisdictions where Gran Tierra Energy operates;

develop corporate strategy and long-term plan and identify new opportunities to support plan;

identify and secure additional sources of equity financing as required;

maintain active investor relations program targeting existing and potential new investors (press releases, road shows, analysts coverage and website); and

ensure Human Resource staffing, procedures and policies are consistent with the needs to meet 2008 Budget and commitments, and future growth of the company, and Sarbanes-Oxley Act compliance.

110

TABLE OF CONTENTS

Chief Financial Officer The principal objectives for Gran Tierra's Chief Financial Officer are as follows:

ensure compliance with shareholder and regulatory reporting requirements in the U.S. and Canada;

finalize and maintain Stock Exchange Listings in Canada and U.S.;

ensure compliance with Sarbanes-Oxley Act requirements, including implementation and maintenance of corporate governance, internal controls and financial disclosure controls;

maintain, develop and enhance management, financial reporting, budgeting and forecasting systems;

address tax planning strategies;

develop and maintain Treasury, IT and Corporate Secretarial functions and systems;

assist the Chief Executive Officer in developing corporate strategy and long-term plan;

secure additional sources of financing as required;

assist the Chief Executive Officer in developing and implementing an investor relations strategy; and

assist the Chief Executive Officer in developing administration and human resources function.

Vice-President, Operations The principal objectives for the Vice-President, Operations are:

exit 2008 at 4,200 barrels of oil per day, net after royalty;

reduce operating costs on a barrel of oil produced basis;

meet or exceed relevant Environment Health Safety and Security industry standards, targeting zero lost time incidents;

design, implement, test and monitor emergency response plans for all operating arenas;

complete 2008 drilling/workover program within budget and without incidents;

design and manage peer review of all proposed drilling, production and facility upgrade projects, ensuring standardized commercial evaluations are undertaken for each;

design and manage post-mortem reviews of all drilling, production and facility upgrade projects, explaining any deviations from plan or budget, and distributing learnings to peers for integration into future projects; and

identify opportunities from current portfolio of exploration and development leads on Gran Tierra's existing land base for 2009 drilling.

President, Gran Tierra Energy Colombia and the President, Gran Tierra Argentina The principal objectives for the President, Gran Tierra Energy Colombia and the President, Gran Tierra Argentina for 2008 have been defined in context of the 2008 Budget, which defines a work program, capital expenditure budget and operating results for the

year. No personal objectives have been defined at this time.

Equity Incentives

In November 2005, an equal number of stock options (162,500) were granted to each executive officer then with Gran Tierra when Gran Tierra became a public company and under the terms of Gran Tierra's 2005 Equity Incentive Plan.

These awards were deemed appropriate by the Gran Tierra Board based on its subjective assessment as to the appropriate level, and were equal to reflect the equal contributions of each executive. No options had been granted prior to this time.

In November 2006, the Compensation Committee granted options to each of Gran Tierra's executive officers as follows: Mr. Coffield, 200,000 shares; Mr. Hart, 125,000 shares; Mr. Wei, 100,000 shares; Mr. Orunesu, 100,000 shares; and Mr. Dyes, 100,000 shares. The Compensation Committee determined the level of these awards based on the Mercer survey, again targeting the 50th-75th percentile for the position within the peer group for the industry based on value according to a Black-Scholes calculation. In doing so,

111

TABLE OF CONTENTS

the Compensation Committee did not use any pre-determined criteria or formulas, but rather based its decisions within that range based on its subjective assessment of the appropriate incentive level given the executives' respective roles within Gran Tierra.

In connection with Mr. Eden joining Gran Tierra, the Compensation Committee granted him an option to purchase 225,000 shares of Gran Tierra's common stock. The amount of the stock options was negotiated with Mr. Eden in connection with the negotiation of his employment agreement.

In December 2007, the Compensation Committee granted options under the terms of Gran Tierra's 2007 Equity Incentive Plan to each of Gran Tierra's executive officers as follows: Mr. Coffield 237,500 shares; Mr. Eden 100,000 shares; Mr. Wei 100,000 shares; Mr. Orunesu 75,000 shares; and Mr. Dyes 200,000 shares. The levels of these awards were based on the 2007 Mercer survey, using the 50th to 75th percentile for the position within the peer group for the industry based on value according to a Black-Scholes calculation. For 2007, the Compensation Committee also considered elements of individual, business unit and corporate performance in determining grant levels.

Termination and Change in Control Provisions

Gran Tierra's employment agreements with Gran Tierra's executive officers contain termination and change in control provisions. These provisions provide that Gran Tierra's executive officers will receive severance payments in the event that their employment is terminated other than for cause or if they terminate their employment with us for good reason, as discussed in Agreements with Executive Officers below. The termination and change-in control provisions are industry standard clauses reached with the executives in arms-length negotiations at the time that they entered into the employment agreements with us.

112

TABLE OF CONTENTS

SUMMARY COMPENSATION TABLE

All dollar amounts set forth in the following tables reflecting executive officer and director compensation are in U.S. dollars.

The following table shows for the fiscal years ended December 31, 2006 and 2007, compensation awarded to or paid to, or earned by, Gran Tierra's Chief Executive Officer, Chief Financial Officer and Gran Tierra's three other most highly compensated executive officers at December 31, 2007, Gran Tierra's named executive officers:

Summary Compensation Table for Fiscal 2006 and 2007

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Bonus (\$)	Option Awards (\$) ⁽²⁾⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Dana Coffield President and Chief Executive Officer	2007	\$214,525	\$148,215	\$112,825		\$475,565
	2006	\$154,458	\$92,250	\$23,400		\$270,108
Martin Eden Vice President, Finance and Chief Financial Officer	2007	\$193,073	\$74,108	\$128,470		\$395,651
	2006	N/A	N/A	N/A		
Rafael Orunesu President, Gran Tierra Argentina	2007	\$180,000	\$40,000	\$55,468		\$275,468
	2006	\$150,000	\$42,907	\$11,700	\$9,200	\$213,807
Max Wei Vice President, Operations	2007	\$171,620	\$64,227	\$57,117		\$292,964
	2006	\$154,458	\$42,907	\$17,503		\$214,868
Edgar Dyes President, Argosy Energy/Gran Tierra Energy Columbia	2007	\$180,000	\$100,000	\$59,828		\$339,828
	2006	\$138,750	\$25,000			\$163,750
James Hart Former Vice President, Finance and Former Chief Financial Officer	2007	\$32,178	\$N/A	\$		\$32,178
	2006	\$154,458	\$92,250	\$14,625		\$261,133

Dana Coffield, James Hart, Max Wei and Martin Eden salaries and bonus are paid in Canadian dollars and converted into U.S. dollars for the purposes of the above table at the December 31, 2006 exchange rate of one Canadian dollar to US \$0.8581 for 2006 information and at the December 31, 2007 exchange rate of one Canadian dollar to US \$0.9881 for 2007 information.

(2) Granted under terms of Gran Tierra's 2005 and 2007 Equity Incentive Plans.

Assumptions made in the valuation of stock options granted are discussed in Note 6 to Gran Tierra's 2006 Consolidated Financial Statements. Reflects the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding estimates of forfeiture.

(4) Cost of living allowance.

Grants of Plan-Based Awards

The following table shows for the fiscal year ended December 31, 2007, certain information regarding grants of plan-based awards to Gran Tierra's named executive officers:

Grants of Plan-Based Awards in Fiscal 2007

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) ⁽¹⁾
Mr. Coffield	12/17/2007	237,500	2.14	\$ 308,750
Mr. Eden	12/17/2007	100,000	2.14	\$ 130,000
Mr. Wei	12/17/2007	100,000	2.14	\$ 130,000
Mr. Orunesu	12/17/2007	75,000	2.14	\$ 97,500
Mr. Dyes	12/17/2007	200,000	2.14	\$ 260,000

(1) Represents the grant date fair value of such option award as determined in accordance with SFAS 123R. These amounts have been calculated in accordance with SFAS No. 123R using the Black Scholes valuation model.

Agreements with Executive Officers

Agreements with Executive Officers in Effect at December 31, 2007

Gran Tierra has entered into executive employment agreements with all members of Gran Tierra's current management executive team, referred to collectively as the *Executives*. The employment agreements entered into between Gran Tierra and Dana Coffield, James Hart and Max Wei have identical terms except for the position held by each such person and terms related to participation on the Gran Tierra Board for Mr. Coffield and Mr. Hart. The respective employment agreements provide for an initial annual base salary of CDN\$180,000 and provide (a) for the executive to receive an annual bonus as determined by the Gran Tierra Board, and (b) the right to participate in Gran Tierra's stock option plans in the event of an initial public offering of Gran Tierra's common stock. The bonuses are to be paid within 60 days of the end of the preceding year based on the executive performance. The agreements do not provide for any criteria for determining the magnitude of the bonuses and option grants and, therefore, the determination of the bonuses and grants are in the sole discretion of the Gran Tierra Board, using the criteria the Gran Tierra Board deem appropriate.

The Executives' employment agreements became effective on May 1, 2005 and have initial terms of three-years, subject to extension or earlier termination and provide for severance payments to each Executive, in the event the Executive is terminated without cause or the Executive terminates the agreement for good reason, in the amount of two times total compensation for the prior year. Good reason includes an adverse change in the Executive's position, title, duties or responsibilities, or any failure to re-elect him to such position (except for termination for cause). Initial contract terms for the Executives included rights to purchase 200,000 shares of Gran Tierra's common stock before an initial public offering. These rights have been removed, with the mutual consent of Gran Tierra and the applicable executives. All agreements include standard indemnity, insurance, non-competition and confidentiality provisions.

Gran Tierra has also entered into an employment agreement with Mr. Orunesu, through Gran Tierra's Ecuadorian

subsidiary which provides for an initial annual base salary of \$150,000, annual bonuses and options as may be determined by the Gran Tierra Board in its sole discretion. The contract includes provision for payment of a cost of living adjustment of \$55,200 per year. The agreement became effective on March 1, 2005 and has an initial term of two years, which is subject to extension or earlier termination. The agreement provides for severance payments in the event of the employee's termination without cause or for good reason, in an amount equal to the salary payable under the employment agreement during any remaining time in the initial two year term. Initial rights provided in Mr. Orunesu's agreement, to purchase 200,000 shares of Gran Tierra's common stock before an initial public offering, have since been removed with mutual consent of Gran Tierra and Mr. Orunesu.

114

TABLE OF CONTENTS

Gran Tierra entered into an employment agreement with Mr. Dyes, President of Gran Tierra Colombia, formerly Argosy Energy International, which provides for an initial base salary of \$108,000 per year plus a supplemental amount of up to \$42,000 per year if he provides services in excess of 15 days per month in Colombia. In addition, the agreement provides for an annual bonus along the same terms as described above for Messrs. Coffield, Hart and Wei, as well as the right to participate in Gran Tierra's company's stock option plans, without specifying the amount or criteria used. The contract became effective on April 1, 2006 and terminated on April 1, 2008. Mr. Dyes also receives reasonable living expenses while performing his duties in Colombia. The agreement provides for severance payments equal to the amount of base salary plus bonus received for the prior 12-month period in the event of termination without cause, termination for good reason or termination for disability, prorated for the remaining term of the agreement, payable within 30 days.

On December 1, 2006, Gran Tierra entered into an executive employment agreement with Mr. Eden that provides for an initial annual base salary of CDN\$225,000. In addition, the agreement provides for an annual bonus along the same terms as described above of Messrs. Coffield, Hart and Wei, as well as the right to participate in Gran Tierra's company's stock option plans, without specifying the amount of criteria used. Mr. Eden's employment agreement became effective on January 2, 2007 and has an initial term of three years, subject to extension or earlier termination and provides for severance payments, in the event he is terminated without cause or terminates the agreement for good reason, in the amount of the greater of total cash compensation of the remaining term and one year's total cash compensation, with total cash compensation meaning annualized salary plus bonus for the prior 12-month period.

Good reason includes an adverse change in Mr. Eden's position, title, duties or responsibilities, or any failure to re-elect him to such position (except for termination for cause). Mr. Eden's employment agreement includes customary indemnity, insurance, non-competition and confidentiality provisions.

On January 1, 2007, Mr. Hart resigned his position as Vice President Finance and Chief Financial Officer, but remained with the company in an executive capacity as Chief Strategy Officer. On February 28, 2007 Mr. Hart resigned as an employee of the company. He remained as a director until October 10, 2007.

Agreements with Executive Officers in Effect at Entered into in June 2008

On June 11, 2008, the Gran Tierra Board approved new employment agreements for its executive officers, including Messrs. Coffield, Eden, Dyes, Wei, and Orunesu. All of the agreements were executed by the parties on June 17, 2008.

The employment agreements entered into with Messrs. Coffield, Eden, Wei, Dyes and Orunesu have virtually identical terms except for:

the position held by each such person;

the number of weeks of vacation allowed (5 weeks of paid vacation for each executive except Mr. Dyes who is permitted 4 weeks of paid vacation);
limitations on business class travel (Messrs. Wei, Dyes and Orunesu may only travel business class for international flights and coach class for domestic travel whereas Messrs. Coffield and Eden may travel business class for most flights);
travel to the United States by Mr. Dyes from Colombia, at the expense of Gran Tierra Energy Colombia Ltd., for personal business, as often as reasonably necessary, subject to residency requirements of Colombia; and reasonable housing, auto, club and living expenses in Colombia provided for Mr. Dyes by Gran Tierra Energy Colombia Ltd. consistent with the benefits provided to Mr. Dyes in the first quarter of 2006

The employment agreements provide that the respective executive will:

receive a base salary, as determined by the Gran Tierra Board;
be eligible to receive an annual bonus, as determined by the Board; and
be eligible to participate in the stock option plans of Gran Tierra.

115

TABLE OF CONTENTS

The bonuses are to be paid within 60 days of the end of the preceding year based on the executive performance.

The employment agreements do not have terms of specified duration. The employment agreements provide for severance payments to each executive, in the event the executive is terminated without cause or the executive terminates the agreement for good reason, in the amount of two times total compensation for the prior year (in the case of Messrs. Coffield and Wei) or in the amount of one times total compensation for the prior year (in the case of Messrs. Eden, Dyes and Orunesu).

Good reason includes (i) an adverse change in the executive's position, title, duties or responsibilities, or any failure to re-elect him to such position (except for termination for cause), (ii) a reduction in the executive's base salary unless all other executive officers are similarly reduced, or a change in the basis upon which the executive's annual compensation is paid or determined except that annual performance bonuses are discretionary and shall not be considered adverse under the agreement if a performance bonus is reduced from a prior year or not paid, (iii) a change in control, or (iv) any breach by the employer of any material provision of the employment agreement.

A Change in Control is defined as (i) a dissolution, liquidation or sale of all or substantially all of the assets of Gran Tierra; (ii) a merger or consolidation in which Gran Tierra is not the surviving corporation; (iii) a reverse merger in which Gran Tierra is the surviving corporation but the shares of Gran Tierra's common stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise; or (iv) the acquisition by any person, entity or group within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act (excluding any employee benefit plan, or related trust, sponsored or maintained by Gran Tierra or any affiliate of Gran Tierra) of the beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities of Gran Tierra representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of directors.

All agreements include standard insurance, non-competition and confidentiality provisions.

Outstanding Equity Awards at Fiscal Year-End

The following table shows for the fiscal year ended December 31, 2007, certain information regarding outstanding equity awards at fiscal year end for the Gran Tierra named executive officers.

The following table provides information concerning unexercised options for each Gran Tierra named executive officer outstanding as of December 31, 2007.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable		Number of Securities Underlying Unexercised Options (#) Unexercisable		Option Exercise Price (\$)	Option Expiration Date
Dana Coffield	108,333	(1)	54,167	(2)	\$ 0.80	11/10/2015
	66,666	(3)	133,334	(4)	\$ 1.27	11/8/2016
			237,500	(6)	\$ 2.14	12/17/2017
Martin Eden			225,000	(5)	\$ 1.19	01/02/2017
			100,000	(6)	\$ 2.14	12/17/2017
Max Wei	108,333	(1)	54,167	(2)	\$ 0.80	11/10/2015
	33,333	(3)	66,666	(4)	\$ 1.27	11/8/2016
			100,000	(6)	\$ 2.14	12/17/2017
Rafael Orunesu	108,333	(1)	54,167	(2)	\$ 0.80	11/10/2015
	33,333	(3)	66,667	(4)	\$ 1.27	11/8/2016
			75,000	(6)	\$ 2.14	12/17/2017
Edgar Dyes	33,333	(3)	66,667	(4)	\$ 1.27	11/8/2016
			200,000	(6)	\$ 2.14	12/17/2017
James Hart	54,167	(7)			\$ 0.80	01/10/2008

116

TABLE OF CONTENTS

- (1) The right to exercise the option vested one half on November 10, 2006 and one half on November 10, 2007.
- (2) The right to exercise the option will vest on November 10, 2008, in such case if the optionholder is still employed by Gran Tierra on such date.
- (3) The right to exercise the option vested on November 8, 2007.
- (4) The right to exercise one-half of the option will vest on each of November 8, 2008 and November 8, 2009, in each such case if the optionholder is still employed by Gran Tierra on such date.
- (5) The right to exercise one-third of the option will vest on each of January 2, 2008, January 2, 2009 and January 2, 2010 in each such case if the optionholder is still employed by Gran Tierra on such date.
- (6) The right to exercise one third of the option will vest on each of December 17, 2008, December 17, 2009 and December 17, 2010 in each such case if the optionholder is still employed by Gran Tierra on such date.
- (7) The right to exercise the option vested on November 10, 2006.

Potential Payouts upon Termination or Change in Control

In the event of a termination for good reason including a change in control of the company, Messrs. Coffield, Eden and Wei are eligible to receive a payment of two times the prior year's total compensation. Payment to Mr. Orunesu is equal to salary payable under the agreement from the time of the event to the remaining term of the contract. Payment to Mr. Dyes is equal to prior year compensation. Mr. Hart was previously entitled to contractual severance arrangements consistent with those of Messrs. Coffield, Eden and Wei. However, Mr. Hart left service as an officer of the company in February 2007. If a change in control had occurred on December 31, 2007, and Gran Tierra's named executive officers terminated for good reason, or if they were terminated other than for cause, they would have received the following payments:

Name	Payment
Mr. Coffield	\$ 725,480
Mr. Eden	\$ 534,362
Mr. Wei	\$ 471,694
Mr. Orunesu	\$ 0
Mr. Dyes	\$ 280,000

Director Compensation 2007

Name	Director Compensation	Option Awards (\$) ⁽¹⁾	Total (\$)
Jeffrey Scott	\$ 71,437	\$ 60,116	\$ 131,553
Walter Dawson	\$ 40,331	\$ 30,656	\$ 70,987
Verne Johnson	\$ 61,569	\$ 30,656	\$ 92,225
Nadine C. Smith ⁽²⁾	\$ 55,347	\$ 30,656	\$ 86,003
James Hart ⁽³⁾	\$ 16,518	\$	\$ 16,518

(1) The stock options were granted under terms of Gran Tierra's 2005 Equity Incentive Plan in 2005. Assumptions made in the valuation of stock options granted are discussed in Note 6 to Gran Tierra's 2007 Consolidated Financial Statements. Reflects the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with FAS 123R, disregarding estimates of forfeiture.

(2) Ms. Smith resigned as a director effective March 27, 2008.

(3) Mr. Hart resigned as a director effective October 10, 2007.

In 2007, Gran Tierra paid a fee of \$12,872 per year to each director who serves on the Gran Tierra Board and an additional \$12,872 per year for the Chairman of the Gran Tierra Board. Gran Tierra also paid an additional fee of \$6,436 per year for each committee chair (except for the audit committee) and \$4,291 for

117

TABLE OF CONTENTS

each committee member (except for the audit committee). The audit committee chair was paid a fee of \$25,743 per year and each member paid \$12,872 per year. In addition, a fee of \$644 was paid for each meeting attended. Directors who are not Gran Tierra employees are eligible to receive awards under Gran Tierra's 2005 and 2007 Equity Incentive Plan. Compensation arrangements with the directors who are also Gran Tierra employees are described in the preceding sections of this Joint Proxy Statement under the heading "Gran Tierra Executive Compensation and Related Information."

Compensation Committee Interlocks and Insider Participation

Gran Tierra's Compensation Committee currently consists of Mr. Johnson, Mr. Scott and Mr. Dawson. None of the members of the Compensation Committee has at any time been an officer or employee of Gran Tierra. No member of the Gran Tierra Board or of the Compensation Committee served as an executive officer of another entity that had one or more of Gran Tierra's executive officers serving as a member of that entity's board or compensation committee.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Joint Proxy Statement. Based on this review and discussion, the Compensation Committee has recommended to the Gran Tierra Board that the Compensation Discussion and Analysis be included in this Joint Proxy Statement.

Verne Johnson

Walter Dawson

Jeffrey Scott

Information About the Share Capital of Gran Tierra and Gran Tierra Exchangeco Inc.

Gran Tierra Capital Stock

Authorized Capital Stock

The Certificate of Amendment to Gran Tierra's articles of incorporation filed with the Secretary of State of Nevada on June 1, 2006, authorized the issuance of 325,000,001 shares of Gran Tierra capital stock, of which 300 million shares were designated as common stock, par value \$0.001 per share, 25 million shares were designated as preferred stock, par value \$0.001 per share, and 1 share was designated as Special Voting Stock, par value \$0.001 per share.

Capital Stock Issued and Outstanding

As of September 30, 2008, there were issued and outstanding 104,611,399 shares of common stock issued and outstanding as of September 30, 2008, another 10,984,126 shares of common stock issuable upon the exchange of the GTE-Goldstrike Exchangeable Shares outstanding issued to certain former holders of Gran Tierra Canada's common stock, no shares of preferred stock outstanding and 1 share of Special Voting Stock outstanding.

The following table sets forth the consolidated capitalization of Gran Tierra, effective December 31, 2007 and June 30, 2008 (dollars in thousands).

	Outstanding as at December 31, 2007	Outstanding as at June 30, 2008
Gran Tierra common stock	72,553 (80,389,676 shares of Gran Tierra common stock, and \$14,787,303 shares of Gran Tierra common stock issuable upon exchange of GTE-Goldstrike Exchangeable Shares)	100,025 (99,582,314 shares of Gran Tierra common stock, and \$11,192,859 shares of Gran Tierra common stock issuable upon exchange of GTE-Goldstrike Exchangeable Shares)
Bank Loan	Nil	Nil

118

TABLE OF CONTENTS

There were no sales of shares of Gran Tierra common stock distributed within the twelve (12) months preceding the date hereof, other than pursuant to the exercise of Gran Tierra options and Gran Tierra warrants.

The following description of Gran Tierra's capital stock is derived from various provisions of its articles of incorporation and its bylaws as well as provisions of applicable law. Such description is not intended to be complete and is qualified in its entirety by reference to the relevant provisions of Gran Tierra's articles of incorporation and its bylaws.

Description of Common Stock

Gran Tierra is authorized to issue 300,000,000 shares of common stock, par value \$0.001 per share. Holders of the common stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of Gran Tierra common stock do not have cumulative voting rights. Therefore, holders of a majority of the shares of common stock voting for the election of directors can elect all of the directors on the Gran Tierra Board. Holders of the common stock representing a majority of the voting power of the capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of the outstanding shares of common stock is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to the Gran Tierra articles of incorporation.

Holders of common stock are entitled to share in all dividends that the Gran Tierra Board, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. Holders of the common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to the common stock.

Preferred Stock

Gran Tierra is authorized to issue 25,000,000 shares of blank check preferred stock, par value \$0.001 per share, none of which, as of September 30, 2008 was designated, issued or outstanding. The Gran Tierra Board is vested with authority to divide the shares of preferred stock into series and to fix and determine the relative rights and preferences of the shares of any such series. Once authorized, the dividend or interest rates, conversion rates, voting rights, redemption prices, maturity dates and similar characteristics of the preferred stock will be determined by the Gran Tierra Board, without the necessity of obtaining approval of its stockholders.

Special Voting Stock

The one currently existing share of Gran Tierra's Special Voting Stock was designated to allow the holders of GTE-Goldstrike Exchangeable Shares, defined below, issued in connection with the transaction between the former shareholders of Gran Tierra Canada and Goldstrike to vote at Gran Tierra's stockholder meetings. The holder of the share of Special Voting Stock is not entitled to receive dividends or distributions, but has the right to vote on each matter on which holders of Gran Tierra's common stock are entitled to vote and to cast that number of votes equal to the number of GTE-Goldstrike Exchangeable Shares outstanding that are not owned by Gran Tierra or Gran Tierra's affiliates. In connection with the share exchange transaction involving the former shareholders of Gran Tierra Canada, the share of Special Voting Stock was issued to the Goldstrike Trustee, as trustee for the holders of GTE-Goldstrike Exchangeable Shares. The Goldstrike Trustee may only cast votes with respect to the share of Special Voting Stock based on instructions received from the holders of GTE-Goldstrike Exchangeable Shares. The GTE-Goldstrike Exchangeable Shares are described more fully below.

GTE-Goldstrike Exchangeable Shares

In the share exchange transaction involving the former shareholders of Gran Tierra Canada and Goldstrike, the Gran Tierra Canada stockholders were permitted to elect to receive, for each share of Gran Tierra Canada's common stock held before the share exchange, 1.5873016 of a GTE-Goldstrike Exchangeable Share. Gran Tierra Goldstrike Inc. is a wholly-owned indirect subsidiary of Gran Tierra. The GTE-Goldstrike Exchangeable Shares are a means to defer taxes paid in Canada. Each GTE-Goldstrike Exchangeable Share can be exchanged by the holder for one share of Gran Tierra's common stock at any time, and will receive the

119

TABLE OF CONTENTS

same dividends payable on Gran Tierra's common stock. At the time of exchange, taxes may be due from the holders of the GTE-Goldstrike Exchangeable Shares. The GTE-Goldstrike Exchangeable Shares have voting rights through the Special Voting Stock described above, and the holders thereof are able to vote on all matters on which the holders of Gran Tierra's common stock are entitled to vote.

In order to exchange GTE-Goldstrike Exchangeable Shares for shares of common stock of Gran Tierra, a holder of GTE-Goldstrike Exchangeable Shares must submit a retraction request to Gran Tierra Goldstrike Inc. together with the share certificate representing the GTE-Goldstrike Exchangeable Shares. 120367 Alberta Inc. is a corporation incorporated under the laws of Alberta and is a wholly-owned subsidiary of Gran Tierra. Pursuant to a Voting Exchange and Support Agreement among Gran Tierra, 1203647 Alberta Inc., Gran Tierra Goldstrike Inc. and Olympia Trust Company, which is referred to as the *Goldstrike Voting Exchange and Support Agreement*, 120367 Alberta Inc. has an overriding right to purchase any GTE-Goldstrike Exchangeable Shares for which a retraction request has been submitted by providing the holder of the GTE-Goldstrike Exchangeable Shares subject to a retraction request with one share of common stock for each GTE-Goldstrike Exchangeable Shares. Pursuant to the terms of the Goldstrike Voting Exchange and Support Agreement, Gran Tierra is obligated to deliver shares of its common stock to 120367 Alberta Inc. in order to satisfy the obligations of 120367 Alberta Inc.

Holders of GTE-Goldstrike Exchangeable Shares have the right to instruct the Goldstrike Trustee to cause 120367 Alberta Inc. to purchase GTE-Goldstrike Exchangeable Shares for shares of common stock of Gran Tierra if Gran Tierra Goldstrike Inc. becomes insolvent or institutes insolvency proceedings. In addition, 120367 Alberta Inc. will be deemed to have purchased the GTE-Goldstrike Exchangeable Shares for shares of common stock if Gran Tierra becomes subject to liquidation, wound up or dissolved.

The GTE-Goldstrike Exchangeable Shares are subject to retraction by Gran Tierra Goldstrike Inc. for shares of common stock of Gran Tierra at the earlier of: (i) November 10, 2012; (ii) the date that less than 10% of the issued and outstanding GTE-Goldstrike Exchangeable Shares are held by parties not affiliated with Gran Tierra; (iii) the date when the holders of GTE-Goldstrike Exchangeable Shares fail to approve a sale of all or substantially all of the assets of Gran Tierra Goldstrike Inc. when requested to do so by Gran Tierra; (iv) the date when holders of GTE-Goldstrike Exchangeable Shares fail to approve a change in the terms of the GTE-Goldstrike Exchangeable Shares that is required to maintain their economic equivalence to shares of common stock; or (v) if there is a change of control transaction with respect to Gran Tierra. 120367 Alberta Inc has the right to purchase all GTE-Goldstrike Exchangeable Shares for common stock on the occurrence of any of these retraction events or if Goldstrike Exchange Co is being liquidated. In addition, Gran Tierra has the right to purchase (or to cause 120367 Alberta Inc. to purchase) all GTE-Goldstrike Exchangeable Shares if there is a change of law that permits holders of GTE-Goldstrike Exchangeable Shares to exchange their GTE-Goldstrike Exchangeable Shares for shares of common stock on a basis that will not require holders to recognize a capital gain for Canadian tax purposes.

Options

As of September 30, 2008, options representing the right to purchase 5,600,000 shares of Gran Tierra common stock were issued and outstanding at a weighted average exercise price of \$1.71. The outstanding options were granted pursuant to Gran Tierra's 2007 Equity Incentive Plan, which is an amendment and restatement of Gran Tierra's 2005 Equity Incentive Plan, to certain of Gran Tierra employees, officers and directors and are exercisable for 10 years from the date of grant.

Warrants

As of September 30, 2008, the following warrants to purchase Gran Tierra common stock were issued and outstanding:

warrants representing the right to purchase 3,529,508 shares of Gran Tierra common stock. The outstanding warrants were issued on varying dates between September 2005 and February 2006, and are exercisable for five years from the date of issuance at an exercise price of \$1.25 per share; and

120

TABLE OF CONTENTS

warrants representing the right to purchase 10,089,004 shares of Gran Tierra common stock. The outstanding warrants are exercisable until June 2012 at an exercise price of \$1.05 per share. The warrants can be called by Gran Tierra if its common stock trades above \$3.50 for 20 consecutive days.

Indemnification; Limitation of Liability

Nevada Revised Statutes, or the *NRS*, Sections 78.7502 and 78.751 provide Gran Tierra with the power to indemnify any of its directors and officers. The director or officer must have conducted himself/herself in good faith and reasonably believe that his/her conduct was in, or not opposed to Gran Tierra's best interests. In a criminal action, the director, officer, employee or agent must not have had reasonable cause to believe his/her conduct was unlawful.

Under NRS Section 78.751, advances for expenses may be made by agreement if the director or officer affirms in writing that he/she believes he/she has met the standards and will personally repay the expenses if it is determined such officer or director did not meet the standards.

Gran Tierra's bylaws include an indemnification provision under which it has the power to indemnify its directors, officers, employees and former directors, officers and employees (including heirs and personal representatives) to the fullest extent permitted under Nevada law.

Gran Tierra's articles of incorporation and bylaws provide a limitation of liability in that no director or officer shall be personally liable to Gran Tierra or any of its stockholders for damages for breach of fiduciary duty as director or officer involving any act or omission of any such director or officer, provided there was no intentional misconduct, fraud or a knowing violation of the law, or payment of dividends in violation of NRS Section 78.300.

Gran Tierra's employment agreements with certain of its executive officers contain provisions which require it to indemnify them for costs, charges and expenses incurred in connection with (i) civil, criminal or administrative actions resulting from the executive officers service as such, and (ii) actions by or on behalf of Gran Tierra to which the executive officer is made a party. Gran Tierra is required to provide such indemnification if (i) the executive officer acted honestly and in good faith with a view to the best interests of Gran Tierra, and (ii) in the case of a criminal or administrative proceeding or proceeding that is enforced by a monetary policy, the executive officer had

reasonable grounds for believing that his conduct was lawful.

Gran Tierra has also entered into an indemnity agreement with all of its officers and directors. The agreement provides that Gran Tierra will indemnify officers and directors to the fullest extent permitted by law, including indemnification in third party claims and derivative actions. The agreement also provides that Gran Tierra will provide an advancement for expenses incurred by the officers or directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for Gran Tierra's directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, it has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Anti-Takeover Effects of Provisions of Nevada State Law

Gran Tierra may be or in the future it may become subject to Nevada's control share law. A corporation is subject to Nevada's control share law if it has more than 200 stockholders, at least 100 of whom are stockholders of record and residents of Nevada, and if the corporation does business in Nevada or through an affiliated corporation.

The law focuses on the acquisition of a *controlling interest* which means the ownership of outstanding voting shares is sufficient, but for the control share law, to enable the acquiring person to exercise the following proportions of the voting power of the corporation in the election of directors: (1) one-fifth or more but less than one-third, (2) one-third or more but less than a majority, or (3) a majority or more. The ability to exercise such voting power may be direct or indirect, as well as individual or in association with others.

The effect of the control share law is that the acquiring person, and those acting in association with it, obtain only such voting rights in the control shares as are conferred by a resolution of the stockholders of the

121

TABLE OF CONTENTS

corporation, approved at a special or annual meeting of stockholders. The control share law contemplates that voting rights will be considered only once by the other stockholders. Thus, there is no authority to take away voting rights from the control shares of an acquiring person once those rights have been approved. If the stockholders do not grant voting rights to the control shares acquired by an acquiring person, those shares do not become permanent non-voting shares. The acquiring person is free to sell its shares to others. If the buyers of those shares themselves do not acquire a controlling interest, their shares do not become governed by the control share law.

If control shares are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of the voting power, any stockholder of record, other than an acquiring person, who has not voted in favor of approval of voting rights is entitled to demand fair value for such stockholder's shares.

Nevada's control share law may have the effect of discouraging corporate takeovers.

In addition to the control share law, Nevada has a business combination law, which prohibits certain business combinations between Nevada corporations and interested stockholders for three years after the interested stockholder first becomes an interested stockholder unless the corporation's board of directors approves the combination in advance. For purposes of Nevada law, an *interested stockholder* is any person who is (1) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (2) an affiliate or associate of the corporation and at any time within the three previous years was the beneficial owner,

directly or indirectly, of ten percent or more of the voting power of the then outstanding shares of the corporation. The definition of the term *business combination* is sufficiently broad to cover virtually any kind of transaction that would allow a potential acquirer to use the corporation's assets to finance the acquisition or otherwise to benefit its own interests rather than the interests of the corporation and its other stockholders.

The effect of Nevada's business combination law is to potentially discourage parties interested in taking control of Gran Tierra from doing so if it cannot obtain the approval of the Gran Tierra Board.

Gran Tierra Exchangeco Common Stock and GTE-Solana Exchangeable Shares

The following summary of certain provisions of Exchangeco's share capital does not purport to be complete and is subject to, and qualified in its entirety by, the articles and bylaws of Exchangeco and by the provisions of applicable law.

Authorized Capital

The authorized capital of Exchangeco consists of an unlimited number of common shares. The share capital of Exchangeco will be amended prior to the Effective Time to create the GTE-Solana Exchangeable Shares.

Common Shares

All of the issued and outstanding common shares of Exchangeco are held by Callco. There are currently 100 common shares issued and outstanding with a par value of CDN\$0.01 per common share. The holders of the common shares of Exchangeco are entitled to receive notice of, attend and vote at any meeting of the shareholders of Exchangeco on the basis of one vote for each common share held at the time of any such meeting. Subject to the rights of holders of GTE-Solana Exchangeable Shares, the holders of common shares are entitled to receive dividends declared as and if declared by the board of directors of Exchangeco; and are entitled to share in the remaining property of Exchangeco upon liquidation, dissolution, bankruptcy, winding-up or other distribution of the assets of Exchangeco among its shareholders for the purpose of winding-up its affairs.

GTE-Solana Exchangeable Shares

See Description of the Arrangement Transaction Mechanics and Description of GTE-Solana Exchangeable Shares for a summary of certain provisions of the GTE-Solana Exchangeable Shares which will be created prior to the Effective Time.

122

TABLE OF CONTENTS

Dividend Policy

Gran Tierra has not declared or paid cash dividends on its common stock since incorporation. Following the consummation of the Arrangement, Gran Tierra intends to retain earnings to finance the growth and development of Gran Tierra's businesses. Any payment of cash dividends in the future will depend upon Gran Tierra's financial condition, capital requirements and earnings as well as other factors the Gran Tierra Board may deem relevant. Gran Tierra's revolving credit facility with commercial lenders restricts the amount of dividends Gran Tierra can pay to

Gran Tierra's stockholders.

Transactions with Solana

Gran Tierra and Solana are partners in two blocks (Guayuyaco and Chaza) and one well in the Santana block (Inchiyaco). Gran Tierra and Solana each hold a 35% working interest in the Guayuyaco block and each hold a 50% working interest in the Chaza block. Solana has a 9.17% working interest in the Inchiyaco well, with Gran Tierra holding a 35% working interest. Gran Tierra is the operator of all three properties, and as operator bills Solana for its share of expenses related to each block. Oil produced from the Inchiyaco well and Guayuyaco block is sold by Gran Tierra to Ecopetrol, and Gran Tierra pays Solana its share of sales. For the Chaza block, Gran Tierra and Solana each sell their own share of the oil produced separately. Solana has provided contributions to each of the blocks for 2006, 2007 and the first six months of 2008 as follows:

	2006	2007	2008
Guayuyaco	\$ 2,835,448	\$ 5,359,531	\$ 2,139,797
Chaza	369,999	8,853,888	13,651,150
Inchiyaco	152,522	106,110	51,622
Total	\$ 3,359,975	\$ 14,321,536	\$ 15,844,577

Solana has received net after royalty revenue related to Guayuyaco and Inchiyaco for the same time periods as follows:

	2006	2007	2008
Guayuyaco	\$ 7,109,372	\$ 7,599,534	\$ 6,291,842
Inchiyaco	369,600	276,932	206,162
Total	\$ 7,478,972	\$ 7,876,466	\$ 6,498,004

Gran Tierra's share of expenses for the same periods was:

	2006	2007	2008
Guayuyaco	\$ 2,835,448	\$ 5,359,531	\$ 2,139,797
Chaza	369,999	8,853,888	13,651,150
Inchiyaco	429,401	298,735	145,333
Total	\$ 3,634,848	\$ 14,512,154	\$ 15,936,280

Gran Tierra's share of net after royalty revenues was:

	2006	2007	2008
Guayuyaco	\$ 7,038,278	\$ 7,447,543	\$ 5,893,539
Inchiyaco	1,019,737	764,064	568,807
Total	\$ 8,058,015	\$ 8,211,607	\$ 6,462,346

123

TABLE OF CONTENTS

RISK FACTORS

An investment in Gran Tierra is subject to certain risks. Investors should carefully consider the risk factors described under the heading Risk Factors in the risk factors set forth in Gran Tierra's most recent Quarterly Report on Form 10-Q, as filed with the SEC, incorporated by reference in this Joint Proxy Statement, as well as the risk factors described on page 23 of this Joint Proxy Statement.

CERTAIN LEGAL AND OTHER INFORMATION

Auditors, Transfer Agent and Registrar

The independent chartered accountants engaged by Gran Tierra are Deloitte & Touche LLP. Deloitte & Touche LLP was engaged by Gran Tierra on January 26, 2005. Representatives of Deloitte & Touche LLP are expected to be present at the annual meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Computershare Trust Company, N.A. 350 Indiana Street, Suite 800, Golden, CA, 80401, Attn: Dan Konecny, is transfer agent and registrar of the Gran Tierra common stock. Concurrently with the closing of the Arrangement, Computershare Trust Company of Canada will be appointed as transfer agent and registrar for the GTE-Solana Exchangeable Shares. Computershare Trust Company of Canada will also be the trustee under the Voting and Exchange Trust Agreement.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement have been passed upon, on behalf of Gran Tierra, by Cooley Godward Kronish LLP, as to matters of U.S. law, Blake, Cassels & Graydon LLP, as to matters of Canadian law, and Gomez-Pinzon Zuleta as to matters of Colombian law, and on behalf of Solana, by Davis LLP, as to matters of Canadian law and Hodgson Russ LLP as to matters of U.S. law.

WHERE YOU CAN FIND MORE INFORMATION

Gran Tierra files its annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to such reports and all other filings pursuant to Section 13(a) or 15(d) of the Exchange Act which it makes available as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the SEC. Such filings are available free of charge to the public on the Gran Tierra website at <http://www.grantierra.com>. To access Gran Tierra's SEC filings, select SEC Filings on the investor relations page on Gran Tierra's website. Gran Tierra's website address is provided solely for informational purposes. Gran Tierra does not intend, by this reference, that its website should be deemed to be part of this Joint Proxy Statement. Any materials Gran Tierra has filed with the SEC may be read and/or copied at the SEC's Public Reference Room at 100 F Street N.E. Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding Gran Tierra. The SEC's website address is www.sec.gov.

No person is authorized to give any information or to make any representation not contained in this Joint Proxy Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Joint Proxy Statement does not constitute the solicitation of a proxy, by any person in any jurisdiction in which such a solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such a solicitation. Neither delivery of this Joint Proxy Statement nor any distribution of the securities referred to in this Joint Proxy Statement shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Joint Proxy

Statement.

Gran Tierra is organized under the laws of the State of Nevada, United States. Many of the experts named herein are residents of the United States. In addition, substantial portions of the assets of Gran Tierra and of such individuals and experts are located outside of Canada. Although Gran Tierra has appointed Blake, Cassels & Graydon LLP, 855 2nd Street S.W. Suite 3500, Bankers Hall East Tower, Calgary AB T2P 4J8 Canada, as its agent for service of process in Canada, it may be difficult or impossible for persons who become securityholders of Gran Tierra to effect service of process upon such persons within Canada with

124

TABLE OF CONTENTS

respect to matters arising under Canadian securities laws or to enforce against them in Canadian courts judgments predicated upon the civil liability provisions of Canadian securities laws. There also is some doubt as to the enforceability in the United States in original actions, or in actions for enforcement of judgments of Canadian courts, of civil liabilities predicated upon the Canadian securities laws. In addition, awards of punitive damages in actions against Gran Tierra sought in Canada or elsewhere may be unenforceable in the United States.

DOCUMENTS INCORPORATED BY REFERENCE

See page 231 for a description of the documents Gran Tierra incorporates by reference into this Joint Proxy Statement.

125

TABLE OF CONTENTS

CERTAIN INFORMATION ABOUT SOLANA

Description of Solana Business

Corporate Structure

Solana was incorporated pursuant to the provisions of the ABCA on July 18, 1985 as Knight Mining Corp. Solana changed its name by Certificate of Amendment to Choice Software Systems Ltd. on September 19, 1991, to Timbuktu Gold Corp. on October 30, 1995, to Marchmont Gold Corp. on May 6, 1997, to Adulis Minerals Corp. on January 19, 2000, to Adulis Resources Inc. on April 30, 2001, and finally to its current name Solana Resources Limited on October 14, 2005.

Solana has two wholly-owned subsidiaries which are Solana Petroleum Exploration (Colombia) Limited incorporated in the Cayman Islands, or *Solana Colombia*, and Bayford Investments Ltd., incorporated in Barbados. Bayford Investments Ltd. had no operations and was dissolved July 24, 2008.

Solana is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario. The Solana Shares are listed on the TSX Venture Exchange under the trading symbol SOR and on AIM under the trading symbol SORL .

Solana's head office is located at Suite 100, 522 11 Avenue S.W., Calgary, Alberta T2R 0C8 and the registered office

is located at 1000, 250 2 Street, S.W., Calgary, Alberta, T2P 0C1.

Summary Description of Solana's Business

Solana is an international resource company engaged in the acquisition, exploration, development and production of oil and natural gas. Solana is headquartered in Calgary, Alberta. Solana's exploration and development properties are located in Colombia, South America and are held through its wholly owned subsidiary, Solana Colombia. Solana currently holds various working interests in nine blocks in Colombia and Solana is the operator in respect of six of these blocks. Five of the blocks contain producing assets.

Recent Developments

Costayaco Field Chaza Block Putumayo Basin

On June 30, 2008, drilling commenced on the Costayaco-5 well and reached a total measured depth of 8,703 feet. The Costayaco-5 well is located on the west flank of the Costayaco field, approximately 3,450 feet northwest of Costayaco-1. A combination of drill stem testing and production testing was conducted on the two major reservoir sequences, the Caballos and the Villeta T formations in August and September 2008. The Middle Caballos tested 100% water while the Upper Caballos produced 27° API oil at a rate of 20 BOPD with a 5% water cut from 20 feet of perforations. The Lower Villeta T also produced 100% water while the Upper Villeta T produced 30° API oil at a gross rate of 1,152 BOPD with a 1% water cut from 22 feet of perforations using a jet pump. These results are the first indication of a water leg in the Villeta T in the Costayaco Field. The depth of the oil water contact is poorly defined but is interpreted to be located at approximately 8,375 feet.

Costayaco-4 is a deviated well drilled from the Costayaco-2 surface location near the crest of the Costayaco field to a total measured depth of 8,884 feet (true vertical depth of 8,616 feet). The bottom-hole location is approximately 1,775 feet northeast of the surface location. Approximately 77 feet of core was obtained from the Caballos and Villeta T formations during drilling. A combination of drill stem testing, flow testing and production testing was conducted on the two major reservoir sequences, the Caballos and the Villeta T formations in August and September 2008. The Caballos tested 30° API oil at a stabilized gross production rate of 3,042 BOPD with a 1% water cut from 95 feet of perforations with a jet pump. The Villeta T tested 30° API oil at a stabilized natural flow gross production rate of 1,401 BOPD with a 2% water cut from 48 feet of perforations.

A continuous delineation and development drilling campaign in the Costayaco field is planned for the balance of 2008 and through 2009, and management expects the details of this program to be finalized in the fourth quarter of 2008.

126

TABLE OF CONTENTS

Additionally, an 8 inch diameter, 10 kilometer pipeline from the Costayaco field to the Uchupayaco Station on the existing pipeline system commissioned in late July, 2008, and is currently transporting approximately 9,000 BOPD. This new pipeline is designed to have a capacity of 25,000 BOPD. Initial throughput is constrained due to capacity limitations further downstream in the existing pipeline system. Options to increase production utilizing trucks to bypass infrastructure constraints, are being developed with gross Costayaco field production expected to rise to approximately 15,000 BOPD by year end 2008.

Solana holds a non-operated 50% working interest in the Chaza block, with Gran Tierra, the operator, holding the other 50%. The Chaza block is subject to an Agencia Nacional de Hidrocarburos contract.

Guachiría and Guachiría Sur Blocks Llanos Basin

Drilling commenced on the Primavera-1 well, on February 20, 2008 and reached a total depth of 7,405 feet on March 1, 2008. Preliminary test results for the Primavera -1 well completed in May 2008 yielded 650 BOPD (gross) from eight feet of perforations over a twenty-four hour period in the Carbonera C-7 formation. The Primavera-1 well was subsequently placed on a long term in mid August 2008 and produced 40° API oil at a gross average rate of 1,205 BOPD over a one week period. Water cut was stable and averaged 52% during this period.

In June 2008, Solana suspended testing operations of the Palmitas -2 well located on the Guachiría Sur block. The Palmitas -2 well reached a total depth of 6,905 feet in March 28, 2008, and following logging, sidewall coring and MDT tests was cased. While initial log interpretations and MDT tests indicated potential oil pay in the Carbonera C-7 formation, subsequent extensive cased hole testing failed to yield commercial oil rates. A work-over, attempting to reduce water production, was subsequently performed without success. The well is now slated to be abandoned.

In addition, drilling commenced on the Los Aceites-1 exploration well on August 2, 2008, and reached a total vertical depth of 7,108 feet on August 8, 2008. Completion and testing operations were performed with the drilling rig in late August 2008. During a short (4.5 hour) clean up, the well flowed at an average rate in excess of 5,000 BOPD from 10 feet of perforations in the Carbonera C-7 formation. A short term test is anticipated to commence late-September 2008.

Solana is the operator and holds a 100% working interest in the Guachiría and Guachiría Sur blocks with Lewis Energy Colombia holding a 30% beneficial interest in both blocks. The Guachiría Sur block is subject to an Agencia Nacional de Hidrocarburos contract and the Guachiría block is subject to an Ecopetrol S.A. contract with an additional 13% overriding royalty payable to Ecopetrol that is applied after government royalties.

Garibay Block Llanos Basin

In May 2008, the Topocho-1 well located on the Garibay block in the Llanos Basin was drilled and abandoned. In November 2007, Solana farmed out 50% and operatorship of the Garibay block to CEPESA Colombia SA. Under the farmout terms, Solana retains a 50% working interest in the Garibay block and CEPESA Colombia SA. is responsible for 100% of the drilling, completing and testing costs associated with the Topocho-1 well. The Garibay block is subject to an Agencia Nacional de Hidrocarburos contract.

Colonia Block Llanos Basin

On June 18, 2008, Solana relinquished its 100% interest in the Colonia block after the acquisition, processing and interpretation of 55 km² of 3D seismic failed to identify any viable prospects.

Magangue Block Lower Magdalena Basin

In January 2008 Pacific Rubiales initiated gas production from the La Creciente block greatly increasing local line pressure and effectively backing out production from Solana's Güepajé gas field. Güepajé restarted production at market restricted rates into a low pressure line supplying local needs in late June 2008. A new compressor is expected to be in service in late September 2008 allowing Güepajé to produce at capacity. Solana holds a 37.8% operator interest in the Magangue block which is subject to an association contract.

Solana Selected Financial Data

Summary Historical Consolidated Financial Data of Solana Under Canadian GAAP

The following table sets forth summary historical consolidated financial data for Solana as of and for each of the preceding five years ended December 31, 2007 and as of and for the six months ended June 30, 2007 and 2008. The summary historical consolidated financial data have been presented in U.S. dollars and under Canadian GAAP.

The data set forth below has been derived from, and should be read in conjunction with, the associated consolidated financial statements and related notes as filed on SEDAR.

	Year Ended December 31,					Period Ended June 30,	
	2003	2004	2005	2006	2007	2007	2008
Statement of Operations							
Revenue and other income							
Sales	\$	\$	\$6,010,571	\$8,561,235	\$17,441,340	\$2,383,884	\$47,921,940
Natural gas sales		350,864	749,930	919,676	853,049	417,584	18,403
Interest	2,468	132,892	714,397	1,531,032	1,091,321	470,399	999,774
Other revenues	2,468	483,756	7,474,898	11,011,943	19,385,710	3,271,867	48,940,120
Expenses							
Operating		394,327	1,454,204	3,123,305	3,944,131	1,474,253	6,051,140
Depletion, impairment, depreciation and accretion	274,626	1,246,080	4,809,927	35,163,420	5,789,093	2,212,543	6,478,965
General and administrative	121,946	964,060	2,849,913	4,602,952	5,129,153	2,380,267	2,811,552
Stock-based compensation		938,946	1,801,780	3,029,830	13,640,012	2,825,074	3,480,991
Foreign exchange (gain) loss	39,255	428,204	(203,808)	(2,145,686)	77,290	224,888	(248,301)
Other expenses	435,827	3,971,617	10,712,016	43,773,821	28,579,679	9,177,425	18,574,340
Income (loss) before income tax expense	(433,359)	(3,487,861)	(3,237,118)	(32,761,878)	(9,193,969)	(5,845,558)	30,365,770
Income tax expense (recovery)		153,238	213,552	(5,153,272)	89,257	89,257	3,119,646
Income (loss)	\$(433,358)	\$(3,641,099)	\$(3,450,670)	\$(27,608,606)	\$(9,283,226)	\$(5,934,815)	\$27,246,120
Income (loss) per common share - basic	\$(0.02)	\$(0.05)	\$(0.05)	\$(0.34)	\$(0.09)	\$(0.06)	\$0.21
Income (loss) per common share - diluted	\$(0.02)	\$(0.05)	\$(0.05)	\$(0.34)	\$(0.09)	\$(0.06)	\$0.22
Statement of Cash Flows							
Operating activities							
Operating activities	\$(102,014)	\$2,514,525	\$5,453,812	\$7,114,937	\$12,893,927	\$(1,484,716)	\$23,680,150
Investing activities	(246,536)	(14,855,544)	(32,184,351)	(29,112,940)	(31,908,116)	(12,595,370)	(28,076,980)
Financing activities	2,975,856	54,473,335	1,068,660	34,428,044	57,348,910	23,711	6,259,129
Foreign exchange gain (loss)		169,776	270,000	(300,000)	19,676	58,156	1,644
Net (decrease) Increase in cash	\$2,627,306	\$42,302,092	\$(25,391,879)	\$12,130,041	\$38,354,397	\$(13,998,219)	\$1,863,940

TABLE OF CONTENTS**Summary Historical Consolidated Financial Data of Solana Under U.S. GAAP**

The following table sets forth summary historical consolidated financial data for Solana as of and for each of the two years ended December 31, 2007 and as of June 30, 2008 and for the six months ended June 30, 2007 and 2008. The summary historical consolidated financial data have been presented in U.S. dollars and adjusted to U.S. GAAP.

The data set forth below has been derived from, and should be read in conjunction with, the consolidated financial statements and related notes thereto after applying the appropriate adjustments to U.S. GAAP, as included in Note 20 to the consolidated financial statements included at page 228 of this Joint Proxy Statement and Note 15 of the interim consolidated financial statements included at page 208 of this Joint Proxy Statement.

	Year Ended December 31,		Six Months Ended June 30,	
	2006	2007	2008	2007
Statement of Operations Data				
Revenues and other income				
Oil sales	\$8,561,235	\$17,441,340	47,922,240	2,383,885
Natural gas sales	919,676	853,049	18,108	417,583
Interest	1,531,032	1,091,321	999,774	470,399
Total revenues	11,011,943	19,385,710	48,940,122	3,271,867
Expenses				
Operating	3,123,305	3,944,131	6,051,140	1,474,253
Depletion, impairment, depreciation and accretion	43,078,099	4,593,556	5,759,965	1,571,543
General and administrative	4,602,952	5,129,153	2,811,552	2,380,667
Stock-based compensation	3,029,830	13,640,012	3,480,991	2,825,074
Foreign exchange (gain) loss	(2,145,686)	77,290	(248,301)	224,888
Total expenses	51,688,500	27,384,142	17,855,347	8,476,425
Income (loss) before income tax	(40,676,557)	(7,998,432)	31,084,775	(5,204,558)
Income tax expense (recovery)	(5,153,272)	89,257	242,646	89,257
Net income (loss)	\$(35,523,285)	\$(8,087,689)	\$30,842,129	\$(5,293,815)
Net income (loss) per common share				
Basic	\$(0.43)	\$(0.08)	\$0.25	\$(0.06)
Diluted	\$(0.43)	\$(0.08)	\$0.24	\$(0.06)
Statement of Cash Flows Data				
Operating activities	\$(799,742)	\$14,089,464	\$23,680,156	\$(1,484,716)
Investing activities	(21,198,261)	(33,103,653)	(28,076,989)	(12,571,659)
Financing activities	34,428,044	57,348,910	6,259,129	
Foreign exchange gain (loss)	(300,000)	19,676	1,644	58,156
Increase in cash	\$12,130,041	\$38,354,397	\$1,863,940	\$(13,998,219)

129

TABLE OF CONTENTS

	At December 31,		Six Months Ended June 30,
	2006	2007	2008
Balance Sheet Data			
Cash and cash equivalents	\$ 29,909,168	\$ 71,537,827	\$ 73,401,767
Working capital (including cash)	37,106,929	70,974,442	88,303,377
Oil and gas properties	43,679,601	72,525,024	94,210,728
Deferred tax asset			6,877,000
Total assets	87,981,954	157,203,225	205,278,142
Other long-term liabilities	1,556,823	1,973,938	2,134,858
Shareholders' equity	\$ 83,020,523	\$ 145,921,756	\$ 186,503,426

130

TABLE OF CONTENTS

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Solana is an oil and gas exploration and development company based in Calgary, Alberta with all of its exploration, development and producing properties located in Colombia. Solana's primary objective is to explore and develop prospective international oil and gas properties.

Solana currently holds various working interests in ten properties in Colombia and is the operator of seven of these properties. Four of the properties contain oil or gas producing wells. This portfolio is comprised of producing, under development and exploration assets and is held through Solana's wholly owned Colombian subsidiary.

Solana's management believes that Colombia offers significant oil and gas exploration potential. Solana is currently evaluating and will continue to evaluate other opportunities in Colombia and elsewhere with a view to acquiring additional interests in development or prospective exploration properties.

Solana currently has two wholly-owned subsidiaries, Bayford Investments Ltd. and Solana Colombia. Bayford Investments Ltd. is a corporation incorporated in Barbados on November 3, 2003, with its registered office at White Park Road, Bridgetown, Barbados. Bayford Investments Ltd. registered a branch in Colombia on August 13, 2004, permitting Bayford Investments Ltd. to carry on business in Colombia; however, it is not carrying on active operations. Another subsidiary, Breakaway Energy, Inc. was acquired on October 2, 2006 but was voluntarily dissolved on February 28, 2007. Breakaway had no operations.

Solana acquired Solana Colombia in December 2004. Solana Colombia was incorporated in the Cayman Islands on May 8, 1998 and registered a branch in Colombia on October 26, 1998, permitting Solana Colombia to carry on business in Colombia. The operations office of Solana Colombia is Calle 113 No. 7-21 Of. 706, Torre A Edificio Teleport, Bogota D.C., Colombia.

Solana's financial results were reported in Canadian dollars before the year ending December 31, 2006, at which time the financial results began to be reported in US dollars.

On October 30, 2007, Solana filed on SEDAR restated interim consolidated financial statements for the three and six month periods ended June 30, 2007 and its related management's discussion and analysis. The restatement reflected a decrease in depletion expense and a corresponding decrease in the Solana's net loss of \$800,000 for the three month period ended June 30, 2007, and \$1,600,000 for the six month period ended June 30, 2007. The restatement reduced Solana's three and six month loss per share to (\$0.03) and (\$0.06) from (\$0.05) and (\$0.08) respectively.

Subsequently, on November 16, 2007, Solana filed on SEDAR restated financial statements and restated MD&A for each of the years ended December 31, 2006 and 2005, for the three month period ended March 31, 2007, and the three and six month periods ended June 30, 2007. The restatement of the financial results reflected Solana's determination, in consultation with its auditors, that the amount originally allocated to intangible assets in connection with the acquisition of Solana's Breakaway subsidiary in October, 2006, should have been accounted for as a compensation expense over the vesting period of the common shares issued pursuant to the acquisition of Breakaway.

Results of Operation

The following discussion and analysis of Solana's financial condition and results of operations should be read in conjunction with Solana's consolidated financial statements and notes thereto. Solana's consolidated financial statements have been prepared in accordance with Canadian GAAP, which differ from U.S. GAAP. For a discussion of these differences, see Note 20 to Solana's consolidated financials included at page 228 of this Joint Proxy Statement and Note 15 of the interim consolidated financial statements included at page 208 of this Joint Proxy Statement.

Except for historical information contained herein, the matters discussed below are forward-looking statements that involve risks and uncertainties, including, but not limited to, the risks and uncertainties discussed below. Figures are expressed in United States dollars, unless otherwise indicated.

131

TABLE OF CONTENTS

Results of Operation for the Three and Six Months Ended June 30, 2008 as Compared to the Three and Six Months Ended June 30, 2007

Selected Quarterly Information under Canadian GAAP

The following table summarizes selected financial data for Solana for the three and six months ended June 30, 2008 and 2007. This consolidated financial information includes the revenue and expenses of Solana Colombia for the periods ended June 30, 2008 and 2007.

	June 30, 2008		June 30, 2007	
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
	\$	\$	\$	\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Production revenue, net of royalties	31,673,778	47,940,348	1,387,542	2,801,468
Operating costs	3,757,695	6,051,140	817,675	1,474,253
	27,916,083	41,889,208	569,867	1,327,215
Expenses general and administrative	1,320,953	2,811,552	1,319,363	2,380,667

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Depletion, depreciation and accretion	4,174,757	6,478,965	945,635	2,212,543
Foreign exchange loss (gain)	(758,723)	(248,301)	199,233	224,888
Stock-based compensation	872,983	3,480,991	1,207,881	2,825,074
	5,609,970	12,523,207	3,672,112	7,643,172
Other income/(expenses)				
Interest and other	265,071	999,774	339,285	470,399
Income taxes	(3,053,711)	(3,119,646)	(39,257)	(89,257)
	(2,788,640)	(2,119,872)	300,028	381,142
Net income (loss)	19,517,473	27,246,129	(2,802,217)	(5,934,815)
Net income (loss) per share, basic	0.17	0.22	(0.03)	(0.06)
Net income (loss) per share, diluted	0.16	0.21	(0.03)	(0.06)

Revenue for the three month period ended June 30, 2008 increased 2,197% to \$31,673,778, as compared to revenue of \$1,378,542 for the three months ended June 30, 2007. The quarterly increase in revenues of \$30,295,236 was due to Solana's increased oil production of 239,071 barrels more than was produced in the second quarter of 2007, as well as increased average oil prices.

Revenue for the six month period ended June 30, 2008 increased 1,611% to \$47,940,348, as compared to revenue of \$2,801,468 for the six months ended June 30, 2007. The increase in revenues of \$45,138,880 was due to Solana's increased production from the Costayaco and Juanambu discoveries in 2007. During the first half of 2008, Solana produced 402,351 barrels more than was produced in the first half of 2007.

Operating profit for the three month period ended June 30, 2008 increased by 4,798% to \$27,916,083, as compared to \$569,867 for the three months ended June 30, 2007. Operating profit for the six month period ended June 30, 2008 increased by 3,056% to \$41,889,208, as compared to \$1,327,215 for the six months ended June 30, 2007. The increase in operating profits of \$27,346,216 and \$40,561,993, respectively, was attributable to Solana's increased oil production from the Costayaco and Juanambu discoveries in 2007, together with increased average oil prices during the period.

Solana's net income for the three months ended June 30, 2008 increased by 796% to \$19,517,473 as compared to a net loss of \$2,802,217 for the quarter ended June 30, 2007. Solana's net income for the six months ended June 30, 2008 increased by 559% to \$27,246,129 as compared to a net loss of \$5,934,815 for the six months ended June 30, 2007. The increase in net income for the three and six months ended June 30, 2008 is attributable to increased oil production from Solana's operations in Colombia, as well as higher average oil prices.

132

TABLE OF CONTENTS

Crude oil and gas production for the six months ended June 30, 2008 increased 460% to 2,642 barrels, from 468 barrels for the six months ended June 30, 2007. The increase in production is due primarily to the addition of production from the Juanambu and Costayaco wells which were discovered in fiscal 2007.

Operating Costs

Operating costs for the three months ended June 30, 2008 increased by 360% to \$3,757,695 as compared to \$817,675 for the three months ended June 30, 2007. Operating costs for the six months ended June 30, 2008 increased by 310% to \$6,051,140 as compared to \$1,474,253 for the six months ended June 30, 2007. The increase in operating costs reflect higher volumes produced as compared to the same periods in 2007.

These costs are mainly incurred in relation to the extraction of oil, light processing of the extracted oil and the transportation of oil produced during the year.

General and Administrative Expenses

General and administrative expenses for the three and six month periods ended June 30, 2008 amounted to \$1,320,953 and \$2,811,552, respectively, as compared to \$1,319,363 and \$2,380,667, respectively, for the three and six month period ended June 30, 2007. The major components of general and administrative expenses are as follows:

	June 30, 2008		June 30, 2007	
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
	\$	\$	\$	\$
General office	162,747	291,247	158,482	217,076
Salaries & benefits	680,821	1,788,829	707,559	1,506,687
Professional fees	360,171	474,020	135,429	212,503
Public company cost	107,171	185,831	156,548	202,160
Consulting fees	10,043	71,625	161,345	242,241
	1,320,953	2,811,552	1,319,363	2,380,667

Salaries and benefits expense increased as employees were added in response to a growing level of activity across the organization related to exploration on the oil and gas properties where Solana has a working interest. Professional fees and public company costs are mainly comprised of consultancy and legal expenses, which increased in accordance with Solana's activity levels.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion amounted to \$4,174,757 and \$6,478,965 for the three and six month periods ended June 30, 2008, compared to the same periods in 2007, which were \$945,635 and \$2,212,543 respectively. The variance is due mainly to the impact of the booking additional reserves and higher production rates.

Foreign Exchange Loss

Foreign exchange gain amounted to \$758,723 and \$248,301 for the three and six month periods ended June 30, 2008, as compared with a loss of \$199,233 and \$224,888 for the comparable three and six month periods in 2007. The increase is attributable to variations of the Canadian dollar against the U.S. dollar during these periods. Solana incurs costs in Colombian pesos and Canadian dollars and sells its production in US dollars.

Stock Based Compensation

Stock-based compensation amounted to \$872,983 and \$3,480,991 for the three and six month period ended June 30 2008, respectively, as compared to \$1,207,881 and \$2,825,074 for the comparable periods ended June 30, 2007. The increase is mainly due to the additional stock compensation expense of \$763,208 related to performance warrants recognized as part of the Breakaway acquisition (see Note 3 to the financial statements for the years ended December 31, 2007 and 2006).

Interest Income

Interest income increased by 112%, to \$999,774 at June 30, 2008, as compared to \$470,399 at June 30, 2007. Even though interest rates were lower during the first half of 2008 in comparison with the first half of 2007, higher cash balances held throughout the current period resulted in higher interest income.

Income Tax

Income tax expense increased by 3,395% to \$3,119,646 for the six month period ended June 30, 2008 as compared to \$89,257 for the six month period ended June 30, 2007. This increase corresponds to a change in Solana's taxable base in Colombia from presumptive tax to taxes based on earnings resulting from the significant increase in expenses in 2008.

Subject to confirmation by taxation authorities, Solana has approximately CDN\$10.2 million (\$9.94 million) of Canadian non-capital loss carry forwards which are available to be carried forward and which expire between 2008 and 2027. The consolidated financial statements do not reflect the potential tax benefit of these losses, as they do not meet the more likely than not criteria for recognition.

Subject to confirmation by taxation authorities, Solana has approximately Col\$98 billion (\$49.6 million) of Colombian loss carry forwards which have no expiration term and are available to offset future taxable income. The consolidated financial statements reflect the potential tax benefit of these losses, as with the currently expected taxable income they meet the more likely than not criteria. Accordingly, a future tax asset of \$4,000,375 was recognized at June 30, 2008.

Selected Annual Information for the Years Ended December 31, 2007, 2006 and 2005 under Canadian GAAP

The following table summarizes selected financial data for Solana for the years ended December 31, 2007, 2006 and 2005:

	2007	2006	2005
	\$	\$	\$
Production Revenue, net of royalties	18,294,389	9,480,911	6,760,501
Operating costs	3,944,131	3,123,305	1,454,204
	14,350,258	6,357,606	5,306,297
Expenses			
General and administrative	5,129,153	4,602,952	2,849,913
Depletion, depreciation and accretion	5,789,093	5,340,876	4,809,927
Impairment		29,822,544	
Foreign exchange loss (gain)	77,290	(2,145,686)	(203,808)
Stock-based compensation	13,640,012	3,029,830	1,801,780
	24,635,548	40,650,516	9,257,812
Other (income)/expenses			
Interest and other	(1,091,321)	(1,531,032)	(714,397)
Income tax expense (recovery)	89,257	(5,153,272)	213,552
	(1,002,064)	(6,684,304)	(500,845)
Net loss	(9,283,226)	(27,608,606)	(3,450,670)
Net loss per share	(0.09)	(0.34)	(0.05)

TABLE OF CONTENTS

	As at December 31,		
	2007	2006	2005
	\$	\$	\$
Share capital and warrants	187,223,652	122,962,256	87,017,320
Working capital	70,974,442	37,106,929	24,407,788
Petroleum and natural gas properties	81,963,075	54,313,189	63,142,705
Total assets	166,641,302	98,615,541	95,897,095
Total current liabilities	9,307,557	3,404,607	5,948,079
Shareholders' equity	155,359,807	93,654,111	84,180,499

Results of Operation for the Year Ended December 31, 2007 as Compared to the Year Ended December 31, 2006

This consolidated financial information includes the revenue and expenses of Solana Colombia for the years ended December 31, 2007 and 2006.

Revenue for the year ended December 31, 2007 increased by 93% to \$18,294,389, as compared to revenue of \$9,480,911 for the year ended December 31, 2006. The increase in revenues of \$8,813,478 was due to Solana's increased oil production of 51,851 barrels more than was produced in fiscal 2006. During the same time oil prices increased to an average of \$50 per barrel as compared to an average of \$40 per barrel during fiscal 2006. Operating profit for the year ended December 31, 2007 increased by 126% to \$14,350,258, as compared to \$6,357,606 for the year ended December 31, 2006. This increase in operating profits of \$7,992,652 was attributable to Solana's increased oil production along with increased average oil prices during fiscal 2007.

Solana's net loss for the year ended December 31, 2007 decreased by 66% to \$9,283,226 as compared to a net loss of \$27,608,606 for the year ended December 31, 2006. This change is primarily due to the impact of the impairment adjustment of \$29,822,544 taken during fiscal year 2006. This impairment adjustment resulted from Solana's termination of its rights and obligations under an Exploration Participation Agreement with Ramshorn International Limited.

Crude oil and gas production for the year ended December 31, 2007 increased 20% to 317,282 barrels, as compared from 265,431 barrels for the year ended December 31, 2006. The increase in production is due primarily to the addition of production from the Juanambu and Costayaco wells which were discovered in fiscal 2007.

Operating Costs

Operating costs for the year ended December 31, 2007 increased by 26% to \$3,944,131 as compared to \$3,123,305 for the year ended December 31, 2006, reflecting higher volumes produced as compared to fiscal 2006. These costs are mainly incurred in relation to the extraction of oil, light processing of the extracted oil and the transportation of oil produced during the year.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2007 increased by 10% to \$5,129,153 from \$4,602,952 for the same period ended December 31, 2006. The major components of general and administrative expenses are as follows:

	2007	2006
	\$	\$
General office	237,649	404,102
Salaries	3,180,637	1,509,249
Professional fees	794,218	1,743,014
Public company costs	388,619	454,672
Consulting fees	150,079	196,363
Travel	377,951	295,552
	5,129,153	4,602,952

135

TABLE OF CONTENTS

Most of Solana's general and administrative expenses increased in comparison with the year ended December 31, 2006, except for salaries and travel expenses. These expenses increased as a result of significantly higher level of drilling and exploration activities during 2007 required to meet the contractual obligations related to exploration on the oil and gas properties where Solana has a working interest.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion for the year ended December 31, 2007 increased by 8% to \$5,789,093 as compared to \$5,340,876 for the year ended December 31, 2006.

Depletion is calculated based on the depletable asset base, annual production and the proved reserves listed in Solana's annual reserve report. Depletion increased for the year ended December 31, 2007 by 9% to \$5,639,189, as compared to \$5,186,532 for the year ended December 31, 2006. This increase is due mainly to a combination of a higher depletable asset base and increased production during fiscal 2007, but was offset by additional proved reserves discovered in fiscal 2007 at Solana's Juanambú and Costayaco blocks.

Depreciation for the year ended December 31, 2007 increased by 3% to \$149,904, as compared to \$113,912 for the year ended December 31, 2006. Depreciation costs related primarily to depreciation of office furniture, office equipment, vehicles and leasehold improvements.

Accretion expense for the year ended December 31, 2007 increased by 233% to \$134,549, as compared to \$40,432, for the year ended December 31, 2006. This increase relates primarily to Solana's re-assessment of future estimated costs to plug and abandon its petroleum and natural gas wells at the end of their useful lives.

Impairment

While there was no impairment charge for the year ended December 31, 2007, for the year ended December 31, 2006, Solana's impairment charge amounted to \$29,822,544. This impairment charge was incurred upon the December 1, 2006 termination of Solana's rights and obligations under an Exploration Participation Agreement with Ramshorn International Limited. Pursuant to this agreement Solana participated in the exploration of five Colombian oil and gas exploration prospects. Upon termination of the Exploration Participation Agreement, effective September 1, 2006, Solana incurred the impairment adjustment described above which primarily related to exploration expenses incurred during the life of the agreement.

Foreign Exchange

Foreign exchange loss for the year ended December 31, 2007 amounted to \$77,290 as compared to a foreign exchange gain of \$2,145,686 for the fiscal year ended December 31, 2006. This change is substantially due to the appreciation of the Colombian peso and the Canadian dollar against the US dollar during fiscal year 2007. This is because Solana incurs costs in Colombian pesos and the Canadian dollars and sells its production in US dollars.

Stock Based Compensation

Stock based compensation expense increased 350%, or \$10,610,182, to \$13,640,012 in 2007 from \$3,029,830 in 2006. This increase is primarily attributable stock compensation expenses of \$6,912,486 and \$5,724,064 recognized for shares of common stock and performance warrants, respectively, related to the Breakaway acquisition (see Note 3 to the financial statements for the years ended December 31, 2007 and 2006).

Stock-based compensation expense associated with options decreased 34%, or \$509,476, from \$1,512,938 in 2006 as compared with \$1,003,462 in 2007. This decrease is due to a reduction in the amortization costs associated with the vesting of options granted throughout 2007.

Interest Income

Interest income for the year ended December 31, 2007 decreased by 29% to \$1,091,321, as compared to \$1,531,032 at December 31, 2006. This decrease is due to lower cash balances held by Solana throughout most of fiscal 2007.

136

TABLE OF CONTENTS

Income Tax Expense

Income tax expense for the year ended December 31, 2007 decreased by 55% to \$89,257, as compared to \$201,233 for the year ended December 31, 2006. This decrease corresponds to a reduction in Solana's taxable base. Under Colombian tax regulations a company which holds an asset which does not produce revenue must pay a tax on the assessed value of such asset. If such asset produces revenue in a future period, any historical taxes paid on the assessed value of the asset may be used to offset taxes owing on revenues produced from the asset. This carry-forward may be used for five years. Solana's tax carry forward under this regulation amounts to \$5,354,505 at December 31, 2007.

Solana has approximately \$10,355,500 of Canadian non-capital tax-loss carry forwards, and \$38,695,000 of Colombian tax-loss carry forwards. Solana's consolidated financial statements do not reflect the potential tax benefit of these losses, as they do not meet the more likely than not criteria provided for under Canadian GAAP.

Results of Operation for the Year Ended December 31, 2006 as Compared to the Year Ended December 31, 2005

This consolidated financial information includes the revenue and expenses of Solana Colombia for the years ended December 31, 2006 and 2005.

Revenue for the year ended December 31, 2006 increased by 40% to \$9,480,911, as compared to revenue of \$6,760,501 for the year ended December 31, 2005. The increase in revenues of \$2,720,410 was due to an increase in oil production of 56,508 barrels more than was produced in fiscal 2006. During the same time oil prices increased to

an average of \$40 per barrel as compared to an average of \$32 per barrel during fiscal 2006. Operating profit for the year ended December 31, 2006 increased by 20% to \$6,357,606, as compared to \$5,306,297 for the year ended December 31, 2005. This increase in operating profits of \$1,051,309 was attributable to increased oil production along with increased average oil prices during fiscal 2006.

Solana's net loss increased by 700% to \$27,608,606 for the fiscal year ended December 31, 2006 as compared to a net loss of \$3,450,670 for the year ended December 31, 2005. This change is primarily due to the impact of an impairment adjustment of \$29,822,544 taken during fiscal year 2006. This impairment adjustment resulted from Solana's termination of its rights and obligations under an Exploration Participation Agreement with Ramshorn International Limited. Pursuant to this agreement Solana participated in the exploration of five Colombian oil and gas exploration prospects. Upon termination of the Exploration Participation Agreement, effective September 1, 2006, Solana incurred the impairment adjustment described above which primarily related to exploration expenses incurred during the life of the agreement.

Crude oil and gas production for the year ended December 31, 2006 increased 27% to 265,431 barrels, from 208,923 barrels for the year ended December 31, 2005. The increase in production is due primarily to the addition of production from the Guayuyaco 1 and Guayuyaco 2 wells which were discovered in fiscal 2006.

Operating Costs

Operating costs for the year ended December 31, 2006 increased by 115% to \$3,123,305 as compared to \$1,454,204 for the year ended December 31, 2005 reflecting higher volumes produced in comparison with the prior period. These costs are mainly incurred in relation to the extraction of oil, light processing of the extracted oil and the transportation of oil produced during the year.

137

TABLE OF CONTENTS

General and Administrative

General and administrative expenses for the year ended December 31, 2006 increased by 62% to \$4,602,952 from \$2,849,913 for the same period ended December 31, 2005. The major components of general and administrative expenses are as follows:

	2006	2005
	\$	\$
General office	404,102	486,790
Salaries	1,509,249	946,379
Professional fees	1,743,014	718,628
Public company costs	454,672	194,598
Consulting fees	196,363	353,583
Travel	295,552	149,935
	4,602,952	2,849,913

All the categories of general and administrative expenses increased during fiscal year 2006 as compared to fiscal year 2005 due to the significantly increased operation and exploration activities Solana.

Depletion, Depreciation and Accretion

Depletion, depreciation and accretion increased by 11% to \$5,340,876 for the year ended December 31, 2006, as compared to \$4,809,927 for the year ended December 31, 2005.

Depletion is calculated based on the depletable asset base, annual production and the proved reserves pursuant to Solana's annual reserve report. Depletion increased by 18% to \$5,520,977 for the year ended December 31, 2006, as compared to \$4,670,866 for the year ended December 31, 2005. This increase is mainly due to additional proved properties being added during fiscal 2006 as a consequence of the intensive drilling campaign during 2006.

Depreciation increased by 19% to \$113,912 for the year ended December 31, 2006 as compared to \$95,599 for the year ended December 31, 2005. Depreciation costs related primarily to depreciation of office furniture, office equipment, vehicles and leasehold improvements.

Accretion expense decreased by 17% to \$40,432 for the year ended December 31, 2006 as compared to \$48,730 for the year ended December 31, 2005. This decrease relates primarily to Solana's re-assessment of future estimated costs to plug and abandon its petroleum and natural gas wells at the end of their useful lives.

Impairment

While there was no impairment charge for the year ended December 31, 2005, for the year ended December 31, 2006, Solana's impairment charge amounted to \$29,822,544. This impairment charge was incurred upon the December 1, 2006 termination of Solana's rights and obligations under an Exploration Participation Agreement with Ramshorn International Limited. Pursuant to this agreement Solana participated in the exploration of five Colombian oil and gas exploration prospects. Upon termination of the Exploration Participation Agreement, effective September 1, 2006, Solana incurred the impairment adjustment described above which primarily related to exploration expenses incurred during the life of the agreement.

Foreign Exchange

Foreign exchange gain for the year ended December 31, 2006 amounted to \$2,145,686 as compared to a foreign exchange gain of \$203,808 for the fiscal year ended December 31, 2005. This change was primarily attributable to the appreciation of the Colombian peso and the Canadian dollar against the US dollar during fiscal year 2007. This is because Solana incurs costs in Colombian pesos and the Canadian dollars and sells its production in US dollars.

Stock Based Compensation

Stock based compensation expense increased 68%, or \$1,228,050, to \$3,029,830 in 2006 from \$1,801,780 in 2005. This increase is primarily attributable to the amortization of the costs associated with the vesting of options granted throughout 2006.

138

TABLE OF CONTENTS

Interest Income

Interest income increased by 114%, to \$1,531,032 at December 31, 2006, as compared to \$714,397 at December 31, 2005. This increase is due to larger cash balances held by Solana throughout most of fiscal year 2006.

Income Tax Expense

Income tax expense for the year ended December 31, 2006 decreased by 6% to \$201,233 as compared to \$213,552 for the year ended December 31, 2005. This decrease corresponds to a reduction in Solana's taxable base. Under Colombian tax regulations a company which holds an asset which does not produce revenue must pay a tax on the assessed value of the asset. If such asset produces revenue in a future period, any historical taxes paid on the assessed value of the asset may be used to offset taxes owing on such revenues. This carry-forward may be used for 5 years.

Solana's tax carry forward under the regulation described above amounts to \$5,354,505 in fiscal year 2006.

At December 31, 2006 Solana had approximately CDN\$7,421,000 of Canadian non-capital tax loss carry forwards, and Colombian tax losses totaling Col\$68,546,000 which are available to be carried forward. The consolidated financial statements do not reflect the potential tax benefit of these losses, as they do not meet the more likely than not criteria provided for under Canadian GAAP.

Liquidity and Capital Resources

Six Months Ended June 30, 2008

Solana's working capital increased from \$70,974,442 at December 31, 2007, to \$88,303,377 at June 30, 2008, an increase of 24%, largely due to the increase in accounts receivable corresponding to crude sales from the Costayaco and Juanambu fields.

Solana's cash balances at June 30, 2008 of \$73,401,767 are committed to Solana's planned capital expenditure program in Colombia. Solana does not currently require additional financing in order to fund its ongoing exploration, appraisal and development programs.

Solana's shareholders' equity increased from \$155,359,807 at December 31, 2007 to \$192,346,056 at June 30, 2008, an increase of 23.8%, mainly due to the net income obtained in the period and proceeds from the exercise of 750,000 stock options and 2,500,000 warrants during the period.

On December 20, 2007, Solana secured a \$100 million reserves based credit facility with BNP Paribas Bank. The facility is secured by Solana's Colombian oil and gas reserves and the amount available for draw down will be adjusted pursuant to the lender's review of semi-annual reserve reports. The initial amount available under the facility is \$26 million and amounts drawn down bear an interest rate that varies with Solana's net production ranging from 2.375% to 3.125% over LIBOR. As of June 30, 2008, Solana had not accessed this facility and had no immediate plans to do so.

Solana had cash inflows from operations amounting to \$33,204,066 for the six month period ended June 30, 2008, as compared to \$804,160 for the comparable period in 2007. This difference is substantially due to the impact of higher production and higher oil prices.

Solana's net cash inflow from financing activities amounted to \$6,259,129 for the six month period ended June 30, 2008, due to proceeds obtained from stock option and warrant exercises in May and June 2008. By comparison, Solana did not have any net cash inflow from financing activities during the six month period ended June 30, 2007.

Solana had cash outflows from its investing activities of \$28,076,989 for the six month period ended June 30, 2008 as compared to \$12,571,659 for the six month period ended June 30, 2007. The majority of the cash outflow for the six month period ended June 30, 2008 was attributable to expenditures on petroleum and natural gas properties totaling \$27,302,065.

Years Ended December 31, 2007, 2006 and 2005

For the year ended December 31, 2007, Solana relied on cash provided by operations and the proceeds of Solana's November 2007 financing. During fiscal year 2006 Solana relied on cash provided by proceeds of Solana's April, 2006 financing.

139

TABLE OF CONTENTS

During fiscal 2007 Solana's working capital increased 91% to \$70,974,442 as compared to \$37,106,929 for the year ended December 31, 2006 and \$24,407,788 for 2005. The increase in working capital in 2007 was due primarily to proceeds of Solana's November 2007 offering of 27,300,000 common shares at a price of CDN\$2.20 per share, yielding gross proceeds of CDN\$60,060,000. The increase in working capital in 2006 was due primarily to the sale of common shares by Solana in a private placement offering which closed during April 2006. In connection with such placement Solana issued and sold 21,000,000 common shares at a price of CDN\$2.00 per share for gross proceeds of CDN\$42,000,000.

On December 20, 2007, Solana secured a \$100 million reserves based credit facility with BNP Paribas Bank. The facility is secured by Solana's Colombian oil and gas reserves and the amount available to be drawn down will be adjusted pursuant to the lender review of semi-annual reserve reports. The initial amount available under the facility is \$26 million and amounts drawn down bear an interest rate that varies with Solana's net production ranging from 2.375% to 3.125% over LIBOR. As of December 31, 2007, Solana had not accessed this facility and has no immediate plans to do so.

Cash balances at December 31, 2007, amounted to \$71,537,827, including \$57,348,910 in net proceeds from Solana's November 26, 2007 financing, as compared to \$29,909,168 at December 31, 2006, and \$20,660,693 at December 31, 2005.

Shareholders' equity increased 66% at December 31, 2007 to \$155,359,807 from \$93,654,111 at December 31, 2006. This increase was due to Solana's November 26, 2007 financing, net of a significant increase in the cumulative deficit due to the impairment adjustment recognized in 2006, as described above. Shareholders' equity increased 21% at December 31, 2006 to \$93,654,111 from \$84,180,499 at December 31, 2005. This increase was due to Solana's April 2006 financing, net of a significant increase in the cumulative deficit due to the impairment adjustment recognized in 2006 as described above.

Solana's cash inflow from operations for the year ended December 31, 2007 amounted to \$12,893,927 compared to a cash inflow from operations for the year ended December 31, 2006 of \$7,114,937. This increase was due to additional oil production from the Juanambú and Costayaco fields discovered in 2007 and increased oil prices during fiscal 2007, as described above. Solana's cash inflow from operations during fiscal 2006 amounted to \$7,114,937 compared to a cash inflow in fiscal 2005 of \$5,453,812. This increase was due to oil production from the Guayuyaco field and future tax liability adjustments.

Solana's net cash inflow from financing activities for the year ended December 31, 2007 amounted to \$57,348,910 compared to \$34,428,044 for the year ended December 31, 2006. This increase was due to the cash provided by Solana's November 26, 2007 financing. Solana's net cash inflow from financing activities amounted to \$34,428,044 for the year ended December 31, 2006 compared to \$1,068,660 for the year ended December 31, 2005. This increase was due to proceeds from the issuance of 21,000,000 common shares.

Solana's cash outflows during the year ended December 31, 2007 related to investments in exploration activities of \$31,955,538 as compared to \$29,112,940 for the year ended December 31, 2006. The majority of the cash outflows related to expenditures which were incurred in drilling exploratory wells and acquiring seismic data on petroleum and natural gas properties on which Solana has a working interest. Solana had cash outflows from its investing activities of \$29,112,940 in fiscal year 2006 as compared to \$32,184,351 in fiscal year 2005. The majority of the cash outflows related to expenditures for the acquisition of rights to and exploration on petroleum and natural gas properties.

Solana's cash requirements and balances are projected based on forecasted operations and capital expenditures. Solana expects to meet these requirements through a combination of available funds from operations, equity financing on an as-needed basis, project debt financing and cash to be provided by the exercise of warrants and share options in the future.

Research and Development, Patents and Licenses

Solana does not currently, and has not previously, had research and development policies in place. Over the past three fiscal years, no funds were expended by Solana on research and development activities.

Trend Information

Solana does not know of any trends that would be material to its operations.

140

TABLE OF CONTENTS

Business Risk and Uncertainties

Solana's business is subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with the foreign jurisdiction in which Solana operates. Solana has identified certain risks pertinent to its business, including: exploration and reserve risks, drilling and operating risks, costs and availability of materials and services, capital markets and the requirement for additional capital, loss of or changes to production sharing, joint venture or related agreements, economic and sovereign risks, possibly less developed legal systems, reliance on strategic relationships, market risk, volatility of future oil and gas prices and foreign currency risk.

Solana attempts to monitor, assess and mitigate certain of these risks by retaining an experienced team of professionals and using modern technology. Further, Solana has focused its activities in known hydrocarbon basins in a jurisdiction that has previously established long-term oil and gas ventures with foreign oil and gas companies, existing infrastructure of services and oil and gas transportation facilities, and reasonable proximity to markets. Solana also retains consultants resident in Colombia to monitor economic and political developments and to assist with operating, administrative and legal matters. There are certain risks, however, over which Solana has little or no control.

Critical Accounting Policies and Estimates

Petroleum and Natural Gas Operations

Solana follows the full cost method of accounting for petroleum and natural gas operations, whereby all costs of exploring for and developing petroleum and natural gas reserves are capitalized in country-by-country cost centers.

Such costs include land acquisition costs, geological and geophysical costs, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, interest costs on major development projects and overhead charges directly related to acquisition, exploration and development activities.

Off-Balance Sheet Arrangements

Solana does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on Solana's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Tabular Disclosure of Contractual Obligations

As of December 31, 2007, Solana's known contractual obligations are set forth in the following table. These contractual obligation did not change materially as of June 30, 2008.

Contractual Obligations Due	2008	2009	2010	2011	2012 and Thereafter	Total
Land related	*\$47,239,700	nil	nil	nil	nil	\$47,239,700
Canadian lease obligations	\$123,726	\$123,726	\$123,726	\$123,726	\$247,452	\$742,356
Colombian lease obligations	\$27,000	\$27,000	\$27,000	\$27,000	\$27,000	\$135,000
Total contractual obligations	\$47,390,426	\$150,726	\$150,726	\$150,726	\$274,452	\$48,117,056

* This amount reflects an estimate of costs required for Solana to meet its exploration obligations pursuant to licenses during 2008. To the extent such obligations are met similar or greater costs may be incurred in subsequent years.

141

TABLE OF CONTENTS

Quantitative and Qualitative Disclosure About Market Risk

Solana's principal market risk relates to oil prices. Solana has not hedged these risks in the past. Essentially 100% of our revenues are from oil sales at prices which are defined by contract relative to international prices using the average of the WTI adjusted for transportation and quality, for each month.

Foreign Currency Exchange Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not Solana's measurement currency. Solana is exposed to foreign exchange risk mainly with respect to its certain expenditures and expenses from various currencies primarily the Colombian pesos and Canadian dollars in relation to the U.S. dollars. However, the revenues received by Solana for the production of crude oil are primarily in U.S. dollars thereby Solana's cash flow from commodity sales would not be materially impacted by fluctuations in foreign currency. Solana's management monitors the exchange rate fluctuations on a regular basis and does not use currency derivative instruments to manage Solana's exposure to foreign currency fluctuations. At December 31, 2007, the carrying amount of Solana's foreign currency denominated net monetary assets was approximately \$5.7 million

and net monetary liabilities were \$6.4 million. Assuming all other variables remain constant, a fluctuation of one cent in the exchange rate of the Canadian dollar to the US dollar would result in a change in income of approximately \$60 thousand dollars. As well, a fluctuation of one cent in the exchange rate of the Colombian peso to the US dollar would result in a change in income of approximately \$14 thousand dollars. At December 31, 2006, the carrying amount of Solana's foreign currency denominated net monetary assets was approximately \$4.2 million and net monetary liabilities were \$1 million.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Solana currently does not have any debt nor has it drawn on its credit facility. Solana believes that it has no significant concentration of interest risk related to its cash equivalents as most of these are invested in financial institutions with high credit ratings.

Commodity Price Risk

Due to the volatility of commodity prices Solana is potentially exposed to adverse consequences of declining oil or natural gas prices. Solana may enter into oil and natural gas contracts in order to protect its cash flow on future sales from the potential adverse impact of declining prices. These contracts would reduce the fluctuation in sales revenue by locking in prices with respect to future deliveries of oil and natural gas. As at December 31, 2007 and 2006, Solana had not entered into any such contracts.

Solana Share Capital

Solana is authorized to issue an unlimited number of Solana Shares, of which 126,426,792 are currently issued and outstanding. Holders of Solana Shares are entitled to one vote per Solana Share at meetings of shareholders of Solana, to dividends if, as and when declared by the Solana Board and to receive pro rata the remaining property and assets of Solana upon its liquidation, dissolution or winding-up of Solana.

Consolidated Capitalization

The following table sets forth the consolidated capitalization of Solana, effective December 31, 2007 and June 30, 2008 in U.S. dollars.

	Outstanding as at December 31, 2007	Outstanding as at June 30, 2008 ⁽¹⁾
Solana Shares	\$187,223,652 (123,176,792 Solana Shares)	\$197,179,178 (126,426,792 Solana Shares)
Bank Loan ⁽¹⁾	Nil	Nil

TABLE OF CONTENTS

Note:

- (1) Solana, as guarantor, and Solana Colombia, as borrower, has a \$100,000,000 senior secured credit facility with BNP Paribas which currently has not been drawn on.

Dividend Policy

Solana has not declared or paid any dividends since incorporation. Any decision to pay dividends on Solana Shares will be made by the Solana Board on the basis of Solana's earnings, financial requirements and other conditions existing at such future time.

Price Range and Trading Volume of Solana Shares

The outstanding Solana Shares are listed and posted for trading on the TSX Venture Exchange under the symbol SOR and on AIM under the symbol SORL .

The following table sets forth the price range (high and low) in Canadian dollars of Solana Shares and volume traded on the TSX Venture Exchange for the periods indicated.

Period	High	Low	Trading Volume
2007			
January 2007	\$ 0.99	\$ 0.79	16,244,890
February 2007	\$ 0.98	\$ 0.75	11,418,311
March 2007	\$ 1.25	\$ 0.82	8,499,024
April 2007	\$ 0.94	\$ 0.77	4,490,425
May 2007	\$ 1.12	\$ 0.73	12,444,436
June 2007	\$ 1.07	\$ 1.75	13,600,242
July 2007	\$ 2.00	\$ 1.53	5,138,868
August 2007	\$ 2.05	\$ 1.52	7,460,597
September 2007	\$ 2.20	\$ 1.40	7,343,972
October 2007	\$ 2.75	\$ 2.00	24,805,933
November 2007	\$ 2.80	\$ 2.23	10,893,980
December 2007	\$ 2.46	\$ 1.96	10,893,980
2008			
January 2008	\$ 3.32	\$ 2.25	13,865,207
February 2008	\$ 2.98	\$ 2.62	1,884,544
March 2008	\$ 3.32	\$ 2.62	12,873,082
April 2008	\$ 3.25	\$ 4.08	16,302,069
May 2008	\$ 3.85	\$ 4.60	16,374,527
June 2008	\$ 5.87	\$ 3.99	21,007,501
July 2008	\$ 5.65	\$ 4.19	57,683,628
August 2008	\$ 5.19	\$ 3.87	15,979,334
September 2008	\$ 4.61	\$ 2.83	9,526,945

On July 28, 2008, the last trading day on which the Solana Shares traded prior to announcement of, the Arrangement, the closing price of the Solana Shares on the TSX Venture Exchange was CDN\$4.35 and £2.13 on the AIM.

Prior Sales

The only Solana Shares distributed within the twelve (12) months preceding the date hereof, other than pursuant to the exercise of Solana options, are as follows:

TABLE OF CONTENTS

Date	Number of Solana Shares	Issue Price Per Solana Share	Total Issue Price	Nature of Consideration Received	Purpose of Issuance
November 26, 2007	27,300,000	CDN\$2.20	CDN\$60,060,000	Cash	Capital
May 9, 2008	700,000	CDN\$2.00	CDN\$1,400,000	Cash	Capital
May 21, 2008	1,800,000	CDN\$2.00	CDN\$3,600,000	Cash	Capital

Security Ownership of Certain Beneficial Owners and Solana Management

The following table sets forth information regarding the beneficial ownership of Solana's Shares as of October 8, 2008 by (1) each of its directors and named executive officers and; (2) all of Solana's executive officers and directors as a group. To Solana's knowledge, there is no person who beneficially owns more than 5% of its outstanding shares other than as set forth below. Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is Suite 100, 522 11th Avenue, S.W., Calgary, Alberta T2R 0C8, Canada. Solana Shares subject to options or warrants currently exercisable or exercisable within 60 days following October 8, 2008 are deemed outstanding for computing the share and percentage ownership of the person holding such options and warrants, but are not deemed outstanding for computing the percentage of any other person.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Percentage of Class
J. Scott Price ⁽²⁾	7,740,000	5.94 %
Ricardo Montes ⁽³⁾	133,333	*
Glenn Van Doorne ⁽⁴⁾	7,640,000	5.86 %
Raymond P. Antony ⁽⁵⁾	730,000	*
Grant R. Howard ⁽⁶⁾	425,000	*
Roy H. Hudson ⁽⁷⁾		