

NOVEMBER 19, 2007

# THE WALL STREET TRANSCRIPT

**Questioning Market Leaders For Long Term Investors**

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## **COMPANY INTERVIEW**

**DANA COFFIELD**  
Gran Tierra Energy Inc.

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**Published by Wall Street Transcript Corporation**  
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Questioning Market Leaders For Long Term Investors

## Gran Tierra Energy Inc. (GTRE)



**DANA COFFIELD** is President and CEO of Gran Tierra Energy Inc. Prior to co-founding the company in early 2005, he was Vice President of the Middle East Business Unit for EnCana Corporation, responsible for business development, exploration operations, commercial evaluations, government and partner relations, planning and budgeting, environment/health/safety, security and management of several overseas operating offices. He held various senior management positions for EnCana's predecessor, Alberta Energy Company, including petroleum exploration and production operations in five countries. Mr. Coffield was previously with ARCO International for 10 years, where he participated in exploration and production operations in North Africa, Southeast Asia and Alaska. He graduated from the University of South Carolina with an MSc and PhD in Geology and holds a BSc in Geological Engineering from the Colorado School of Mines.

### **TWST: What is Gran Tierra Energy?**

**Mr. Coffield:** Gran Tierra is an international oil and gas company that is publicly traded on the OTC Bulletin Board with operations, reserves, and production in Latin America. The vision of the company is to become a substantial international oil and gas exploration and production company.

### **TWST: Tell us about the history of the company.**

**Mr. Coffield:** The company was founded in early 2005 as a private international oil and gas company. It was founded to capitalize on the experience of a management team that had spent their entire careers working in the international oil and gas arena. Production and reserves in the oil and gas business have been in rapid decline in North America, but future reserves and production are being found internationally. The company was formed to participate in supplying the growing global demand for energy.

### **TWST: Where are the operations today?**

**Mr. Coffield:** Today, we have operations in three different countries in Latin America: Colombia, Peru and Argentina. The

reason we selected these specific countries was fourfold. We wanted to be in countries with proven petroleum resources; we didn't want to be a frontier exploration company because of the high technical risk. We also wanted to be in countries with stable legal systems where the laws of the land don't change randomly. Third, we wanted to be in countries with attractive fiscal terms. In other words we wanted to generate cash flow and profit from our production, which can sometimes be very difficult to do in many countries around the world, given the harsh fiscal terms in major petroleum producing countries. Finally, we want to be in countries that are appropriate for our size. We want to look at different opportunities and pursue those that meet our financial and technical capabilities as we grow. Colombia, Peru and Argentina met those four criteria, so we chose these countries to build our business, initially.

### **TWST: What did you achieve in each of those countries?**

**Mr. Coffield:** In the first two years of our life, we were focused on acquiring assets — assets that we felt were underdeveloped, assets that we felt we could add value to by drilling. In that first two-

year period, we acquired a working interest in 19 different blocks of land in the three countries I mentioned earlier. We operate 18 of those 19 blocks whereby we control our budget, our work programs and our prospect generation and drilling. These lands encompass a total of 6.5 million gross acres. This is a very large land base with proven reserves and production in which to grow our assets. Our reserves at the end of the last year, 2006, were approximately 7.1 million barrels. We also had net production of approximately 1,000 barrels of oil per day. Since that acquisition period, we have executed a first full year of drilling in 2007 and as a result, we have more than tripled our proven, probable and possible reserves to approximately 23.8 million barrels of oil. In addition, we have approximately doubled our production. Today, we are producing almost 2,100 barrels of oil per day net to Gran Tierra, after royalties. It has been an exceptional two and a half years of prog-

shares are held by Directors and management. The balance is split approximately 50-50 between the institutional shareholders and retail shareholders.

**TWST: In your discussions with the investment community, are there any recurring questions or misperceptions? Do they understand Gran Tierra?**

**Mr. Coffield:** In the early days there was a concern about the overall international oil and gas arena and, in particular, the perceived political risk and instability in the countries we operate in. Over time, investors have become more educated about the potential of the international oil and gas business as well as the political stability of the countries we're in. They are developing a better understanding of Gran Tierra's business model in general. As a result, we are receiving growing support for continuing our ongoing operations.

*“Gran Tierra is at a fundamental tipping point or positive changing point in its life cycle. 2007 was dominated by exploration drilling with the objective to add new reserves to our base, which is the underlying value of the company. We have had extraordinary success: doubling our proven reserves and more than tripling our probable and possible reserve levels. Going forward, in the next year to two years, we are going to be focused more on development programs, i.e.: converting these reserves in the ground into production and cash flow.”*

ress, acquiring lands, and adding value by the drill bit, to grow our reserves and our production.

**TWST: What's the financial snapshot, balance sheet, P&L? What items have strength? What items are you looking to improve? Are there funding needs to address?**

**Mr. Coffield:** Our 3Q07 revenue was approximately \$8 million. Our net income was \$1.1 million for the quarter. Currently the company has no debt. We have \$8 million of cash on hand and significantly increased cash flow from operations. At the moment we do not foresee undertaking any new financing as we are essentially living within our means. The 2008 plan for the company will involve a good deal of development work on the oil discoveries we have made this year. If we do need additional capital for these developments, we will be able to draw down on a credit facility we now have in place. This facility of \$50 million has an initial borrowing base of \$7 million that increases as our oil reserves grow. It should serve us well as our initial capital requirements increase.

**TWST: What historically has been the shareholder base?**

**Mr. Coffield:** We have approximately 95 million shares basic and 133 million shares fully diluted. Approximately 17% of the

**TWST: Introduce us to your top-level management team, two or three of your key individuals.**

**Mr. Coffield:** I'm President and CEO of the company. I have a PhD in Geology. I have worked in the international oil and gas arena for my entire career. I have lived and worked in the Middle East, Southeast Asia, and then in different locations in North America, Alaska, and now Calgary. With me on the team are individuals with similar global experience. Our CFO, Martin Eden, is a Chartered Accountant who has spent his entire career working in the international oil and gas business in locations such as the UK, the Middle East and East Africa. Our Vice President of operations, Max Wei, again, like me, has worked his entire career in the international oil and gas arena. He is a reservoir engineer by background and has worked in and lived in Siberia, the Middle East and South America. Finally, our two country managers, in Colombia and Argentina, have spent their entire careers working in Latin America. As a team, we are well experienced, with hands-on operating experience and diverse oil and gas backgrounds. We are confident in one another. Together, the team is a key factor in the exceptional success we have had in the first two to three years of our life.

**TWST: What's the agenda at this point? If you would look around the next 12 to 24 months, what are the key metrics or events that investors should focus on? What should matter to the investor? What matters to you?**

**Mr. Coffield:** Gran Tierra is at a fundamental tipping point or positive changing point in its life cycle. 2007 was dominated by exploration drilling with the objective to add new reserves to our base, which is the underlying value of the company. We have had extraordinary success: doubling our proven reserves and more than tripling our probable and possible reserve levels. Going forward, in the next year to two years, we are going to be focused more on development programs, i.e.: converting these reserves in the ground into production and cash flow. Today our production is at almost 2,100 barrels a day. We expect this to grow significantly in the coming years as we develop the new oil resources we have found. While we are now changing from an exploration-led company to a development-led company, we will still continue to explore.

**TWST: What do you feel compels investors to include Gran Tierra as part of their current portfolios and longer-term investment strategies?**

**Mr. Coffield:** I think in terms of investment strategy in oil and gas or energy in general, investors need to remember that energy demand is going to continue to grow while supply will decline. Populations are growing and with countries such as China and India continuing to develop at an extremely rapid pace, oil pricing, in my view, is going to remain strong. Petroleum demand permeates almost all levels of consumer manufacturing. The demand for new oil reserves is going to remain strong and demand for production is going to remain strong. The market fundamentals are there. Gran Tierra has dramatically proven that it can acquire underdeveloped lands,

create value at finding new reserves and, in the process, grow production from these reserves. This track record of success by the management team is going to continue to grow this company in a global market that demands more energy. That's going to provide high valuations for all energy suppliers in the future.

**TWST: What have I overlooked?**

**Mr. Coffield:** We are extremely excited as a management team and I speak on behalf of the Directors as well. We have had incredible exploration success this year and we are going to be converting that success into additional production and cash flow. It is a very exciting story and we are looking forward to continue to develop this company into a truly significant international oil and gas company.

**TWST: Thank you.**

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