



Gran Tierra Energy Announces Production, Capital Budget and Exploration Update

Second quarter production impacted by OTA downtime

CALGARY, Alberta, July 12, 2012, Gran Tierra Energy Inc. (“Gran Tierra Energy”) (NYSE MKT: **GTE**, TSX: **GTE**), a company focused on oil exploration and production in South America, today provided a production and capital budget update and updates for its exploration operations in Colombia.

Production Update

Preliminary corporate production estimates, net after royalties (“NAR”) and before changes in inventory and losses, for the three months ending June 30, 2012 averaged approximately 16,300 barrels of oil equivalent per day (“BOEPD”) consisting of approximately 12,350 BOEPD in Colombia, 3,800 BOEPD in Argentina and 150 BOEPD in Brazil. Approximately 96% of this production consists of light oil, with the balance consisting of natural gas. Due to changes in inventory and pipeline losses, sales volumes in the quarter may be lower than stated production.

Second quarter 2012 production and sales have been impacted by oil delivery restrictions due to disruptions on the Ecopetrol-operated Oleoducto Transandino (“OTA”) pipeline in Colombia, the latest of which occurred on July 3, 2012. Gran Tierra Energy continued production at a reduced rate while the OTA pipeline was down, selling a portion of its crude through trucking and storing excess crude. The OTA pipeline continues to be offline with production expected to return to normal levels early next week.

Due to the repeated OTA pipeline disruptions that have occurred to date, Gran Tierra Energy does not expect to attain its previously announced expected average production for 2012 of approximately 20,000 – 21,000 BOEPD NAR. Current production capacity stands at approximately 21,000 BOEPD NAR; uninterrupted consolidated production in April 2012 averaged approximately 20,700 BOEPD NAR before inventory adjustments. Revised expected average production guidance will be provided once stable production is established; exit production rate of 20,000 to 21,000 BOEPD NAR remains unchanged.

Capital Budget Update

In connection with curtailed production and lower commodity prices experienced this year, Gran Tierra Energy is targeting approximately \$60 million capital expenditure deferrals from its previously announced 2012 budget of \$440 million. Deferred expenditures are expected to be from areas which do not impact production capacity or near term high value reserve addition projects.

Exploration Update

Garibay Block, Llanos Basin, Colombia (Gran Tierra Energy 50% working interest, CEPSA 50% working interest and operator)

The Bordon-1 exploration well reached true vertical depth of 9,680 feet on June 16, 2012. Mud log and open hole log data acquired during and after drilling indicate only non-commercial hydrocarbons present. The Bordon-1 well was plugged and abandoned.

Azar Block, Putumayo Basin, Colombia (Gran Tierra Energy 40% WI and operator, Lewis Energy 40%, Gold Oil 20%)

La Vega Este-1 oil exploration well is currently drilling ahead after initiating sidetrack operations, and is now expected to reach total depth in early August.

About Gran Tierra Energy Inc.

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

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

Forward Looking Statements and Advisories

This news release contains certain forward-looking information and forward-looking statements (collectively, "forward-looking statements") under the meaning of applicable securities laws, including Canadian Securities Administrators' National Instrument 51-102 - *Continuous Disclosure Obligations* and the United States Private Securities Litigation Reform Act of 1995. The use of the words "expected", "estimate", "targeting" and derivations thereof and similar terms identify forward-looking statements. In particular, but without limiting the foregoing, this news release contains forward-looking statements regarding the anticipated timing of return to normal levels at the OTA pipeline, Gran Tierra Energy's expectation that it will target approximately \$60 million capital expenditure deferments from its 2012 budget of \$440 million to future years and the nature of such deferments, Gran Tierra Energy's expectation regarding the timing of production returning to normal levels, the timing of La Vega Este-1 reaching total depth, production estimates, and Gran Tierra Energy's expectation that Gran Tierra Energy will not meet its previously announced expected average production for 2012 of approximately 20,000 – 21, 000 BOEPD, and expected capital expenditure deferments from its capital budget.

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

The forward-looking statements contained in this news release are subject to risks, uncertainties and other factors that could cause actual results or outcomes to differ materially from those contemplated by the forward-looking statements, including, among others: estimates of second quarter 2012 corporate production are preliminary, and actual production may be different due to unexpected changes discovered in the finalization of the production amount; unexpected technical difficulties and operational difficulties may occur, which could impact or delay the completion or continuation of drilling; geographic, political and weather conditions can interrupt drilling, which could impact or delay the commencement or continuation of drilling; service of the OTA pipeline may not return to normal levels in the timeframe currently anticipated by Gran Tierra Energy; the OTA pipeline may continue to experience disruptions and if further disruptions occur, service at the OTA pipeline may not resume on the timelines or to the capacity expected by or favorable to Gran Tierra Energy; and the risk that current global economic and credit market conditions may impact oil prices and oil consumption more than Gran Tierra Energy currently predicts, which could cause Gran Tierra Energy to change its current drilling, production and testing plans. Although Gran Tierra Energy's plans, including with respect to its deferments, for its ongoing exploration and development and the funding thereof are based upon the current expectations of the management of Gran Tierra Energy, there may be circumstances where, for unforeseen reasons, further changes in such plans

may be necessary as may be determined at the discretion of Gran Tierra Energy. Should any one of a number of issues arise, Gran Tierra Energy may find it necessary to make further alterations to its current business strategy and capital expenditure program. Further information on potential factors that could affect Gran Tierra Energy are included in risks detailed from time to time in Gran Tierra Energy's Securities and Exchange Commission filings, including, without limitation, under the caption "Risk Factors" in Gran Tierra Energy's Quarterly Report on Form 10-Q filed May 7, 2012. These filings are available on a Web site maintained by the Securities and Exchange Commission at <http://www.sec.gov> and on SEDAR at www.sedar.com. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and Gran Tierra Energy disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation.

Barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a BOE conversion ratio of 6 Mcf: 1 bbl would be misleading as an indication of value.

Contact Information

For investor and media inquiries please contact:

Jason Crumley

Director, Investor Relations

403-265-3221

info@grantierra.com

www.grantierra.com