

GRAN TIERRA ENERGY, INC.
Form 10QSB/A
December 06, 2006

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

**FORM 10-QSB/A
(Amendment No. 1)**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE EXCHANGE ACT

For the transition period from _____ to _____.

Commission file number 333-111656

GRAN TIERRA ENERGY, INC.
(Exact name of small business issuer as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

Applied For
(IRS Employer
Identification No.)

300, 611 10th Avenue SW
Calgary, Alberta, Canada T2R 0B2
(Address of principal executive offices)

(403) 265-3221
(Issuer's telephone number)

Check whether the small business issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the small business issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 27, 2006, the latest practicable date, 95,455,765 of the issuer's common shares, \$.001 par value, were issued and outstanding.

Transitional Small Business Disclosure Format (Check one):

Yes No

Gran Tierra Energy Inc. (the "Company") is filing this Amendment No. 1 to the Quarterly Report on Form 10-QSB/A for the quarterly period ended September 30, 2006 (the "Original Filing"), which was originally filed with the Securities and Exchange Commission (the "SEC") on November 17, 2006. The purpose of this filing is to revise Note 3 to the Notes to the Condensed Consolidated Financial Statements for the Nine Month Period Ended September 30, 2006.

In Note 3, the Company disclosed that pro forma results, giving effect to the acquisition of Argosy Energy Corp., for the year ended December 31, 2005 and the period ended September 30, 2006 were:

| | 2006 | 2005 |
|------------------------------|------------|------------|
| Revenue | 15,677,337 | 12,950,000 |
| Net Income (loss) | 3,156,372 | (459,000) |
| Earnings per share (Basic) | 0.03 | (0.01) |
| Earnings per share (Diluted) | 0.03 | (0.01) |

Actual pro forma results, giving effect to the acquisition of Argosy Energy Corp., for the year ended December 31, 2005 and the period ended September 30, 2006 were:

| | 2006 | 2005 |
|------------------------------|------------|------------|
| Revenue | 15,780,000 | 12,950,000 |
| Net Income (loss) | 865,000 | 1,569,000 |
| Earnings per share (Basic) | 0.01 | 0.04 |
| Earnings per share (Diluted) | 0.01 | 0.02 |

The calculation error in the Company's initial filing of the Form 10-QSB was discovered in connection with the audit of its financial statements for the period ended September 30, 2006. No other revisions have been made to the Company's financial statements or any other disclosure contained in the Original Filing.

In addition, pursuant to the rules of the SEC, Item 6 of Part II of the Original Filing has been amended to contain currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

Gran Tierra Energy Inc.

Notes to the Condensed Consolidated Financial Statements (Unaudited)
For the Nine Month Period Ended September 30, 2006
Stated in US dollars

3. BUSINESS COMBINATION

Gran Tierra entered into a Securities Purchase Agreement dated May 25, 2006 with Crosby Capital LLC (“Crosby”) to acquire all of the limited partnership interests of Argosy Energy International (“Argosy”) and all of the issued and outstanding capital stock of Argosy Energy Corp. On June 20, 2006 Gran Tierra closed the Argosy acquisition and paid consideration to Crosby consisting of \$37.5 million cash, 870,647 shares of the Company’s common stock and overriding and net profit interests in certain of Argosy’s assets valued at \$1 million. The value of the overriding and net profit interests was based on present value of expected future cash flows. All of Argosy Energy International’s assets are in Colombia.

The acquisition has been accounted for using the purchase method, and the results of Argosy Energy International have been consolidated with Gran Tierra Energy from June 20, 2006. The following table shows the allocation of the purchase price based on the fair values of the assets and liabilities acquired:

| | \$ |
|--|-------------|
| Cash Paid, net | 36,414,385 |
| Common Shares Issued | 1,305,971 |
| Transaction Costs | 497,574 |
| Total Purchase Price | 38,217,930 |
| Purchase Price allocated: | |
| Oil and Gas Assets | 32,553,211 |
| Goodwill (1) | 15,005,083 |
| Accounts Receivable | 5,361,887 |
| Inventories | 567,355 |
| Long Term Investments | 6,772 |
| Accounts Payable and Accrued Liabilities | (6,085,109) |
| Long Term Liabilities | (49,763) |
| Deferred Tax Liabilities | (9,141,506) |
| Total Purchase Price allocated | 38,217,930 |

(1) Goodwill is not deductible for tax purposes.

The purchase price allocation has changed from the preliminary allocation performed on June 21, 2006. At June 21, 2006, the company was awaiting the results of an independent reserve audit, and relied on the information provided by Argosy for the preliminary allocation. The reserve report was received in September, 2006 and resulted in a reallocation of the purchase price. The changes are as follows:

| | \$ |
|-----------------------------------|-------------|
| Oil and Gas assets (Decrease) | (8,005,709) |
| Goodwill Increase | 1,411,303 |
| Deferred Tax Liabilities Decrease | 6,097,406 |
| Inventories Increase | 497,000 |

Total Change -

Gran Tierra Energy Inc.

Notes to the Condensed Consolidated Financial Statements (Unaudited)
For the Nine Month Period Ended September 30, 2006
Stated in US dollars

The Argosy acquisition added 1,182,000 barrels of proven oil reserves to Gran Tierra (net after royalty) as of June 30, 2006.

The unaudited pro forma results for the year ended December 31, 2005 and the period ended September 30, 2006 are shown below, as if the acquisition had occurred on January 1, 2005. Pro forma results are not indicative of actual results or future performance.

| | 2006 | 2005 |
|------------------------------|------------|------------|
| Revenue | 15,780,000 | 12,950,000 |
| Net Income (loss) | 865,000 | 1,569,000 |
| Earnings per share (Basic) | 0.01 | 0.04 |
| Earnings per share (diluted) | 0.01 | 0.02 |

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are filed with or incorporated as part of this report as required by Item 601 of Regulation S-B:

| Exhibit No. | Description | Incorporated by Reference to Filings Indicated |
|--------------------|--|---|
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer* | |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer* | |
| 32 | Section 1350 Certifications* | |

* filed herewith

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAN TIERRA ENERGY,
INC.

Date: December 5, 2006 /s/ Dana Coffield
By: Dana Coffield
Its: Chief Executive Officer

Date: December 5, 2006 /s/ James Hart
By: James Hart
Its: Chief Financial Officer

EXHIBIT INDEX

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