

GRAN TIERRA ENERGY, INC.
Form 10QSB
August 14, 2006

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 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.)

611-10th Ave S.W. Suite 300
Calgary, Alberta, Canada T2R OB2
(Address of principal executive offices)

(403) 256-3221
(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 June 30, 2006, 95,455,759 (including 16,984,127 exchangeable shares) of the issuer's common shares, \$.001 par value, were issued and outstanding.

Transitional Small Business Disclosure Format (Check one):

Yes No

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Gran Tierra Energy Inc.
Consolidated Statement of Operations (Unaudited)
Stated in US dollars

	Three months ended June 30,		From inception on January 26, 2005 and for six months ended June 30,	
	2006	2005	2006	2005
	\$	\$	\$	\$
REVENUE	2,089,984	-	3,139,613	-
EXPENSES				
Operating Expenses	1,089,540	-	1,442,620	-
General and Administrative	880,554	251,043	2,471,583	254,512
Depreciation, Depletion and Accretion	511,991	3,366	874,465	3,366
Foreign Exchange (gain)/loss	99,308	6,612	3,842	3,639
	2,581,393	261,021	4,792,510	261,517
LOSS BEFORE INCOME TAXES	(491,409)	(261,021)	(1,652,898)	(261,517)
Income Taxes (Note 9)	80,325	-	137,783	-
NET LOSS	(571,734)	(261,021)	(1,790,680)	(261,517)
NET (LOSS) EARNINGS PER SHARE				
Basic and diluted	(0.01)	(0.06)	(0.04)	(0.10)
Weighted average number of shares	49,349,778	4,285,714	46,789,749	2,500,000

See accompanying Notes to the Financial Statements

Gran Tierra Energy Inc.
Consolidated Balance Sheets (Unaudited)
Stated in US dollars

	June 30, 2006 \$	December 31, 2005 \$
ASSETS		
CURRENT		
Cash and cash equivalents	21,263,776	2,221,456
Restricted cash	11,813,960	400,427
Accounts receivable	6,661,229	808,960
Prepaid expenses	118,672	42,701
Inventory	369,401	447,012
Total Current Assets	40,227,038	3,920,556
Taxes Receivable	42,214	108,139
Long Term Investments	6,772	-
Property Plant and Equipment (Note 5)	49,353,499	8,313,208
Goodwill	13,593,980	-
Deferred Income Taxes	-	29,228
	103,223,503	12,371,131
LIABILITIES		
CURRENT		
Accounts payable	5,178,092	1,142,930
Accrued liabilities	897,076	121,122
Taxes Payable	1,240,632	-
	7,315,800	1,264,052
Long term Payables	70,953	-
Asset Retirement Obligation (Note 8)	70,295	67,732
Deferred Income Taxes (Note 9)	14,076,465	-
Deferred Remittance Taxes	1,162,447	-
Total Liabilities		