

GRAN TIERRA ENERGY, INC.  
Form PREM14A  
September 09, 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. )

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

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 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):

- No fee required.  
 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:<br>Common shares of Solana Resources Limited (“ <b>Common Shares</b> ”)   |
| (2) | Aggregate number of securities to which transaction applies:<br>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 “ <b>Exchange Rate</b> ”)).  |
| (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):<br>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.

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.**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
OF GRAN TIERRA ENERGY INC.**

**to be held , 2008**

**and**

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

**to be held , 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**

**, 2008**

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**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.

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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 , Calgary, Alberta at 9:00 a.m., Mountain Time, on , , 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 and change the board voting requirement for issuance of common stock from unanimous to a simple board action, and (b) an increase in the number of shares authorized for issuance under our equity incentive plan. Neither of these latter two proposals are necessary for the completion of the combination of Gran Tierra and Solana; however, they will facilitate operating the combined company, and 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 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 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 four proposals. Each company has scheduled a special stockholders meeting to be held on , 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 and change the board voting requirement for the issuance of common stock, and (4) 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: , 2008**

Dear Shareholders, Optionholders and Warrantholders:

You are being asked to attend a special meeting of the common shareholders, optionholders and warrant holders, collectively, the “*Solana Securityholders*”, of Solana Resources Limited, or “*Solana*”, to be held at \_\_\_\_\_, 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 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.

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 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 warrantholders 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

**GRAN TIERRA ENERGY INC.  
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held On , 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 , **2008** at a.m., Mountain Time, at 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 and change the board voting requirement for issuance of common stock from unanimous to a simple board action;
- 4.** 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
- 5.** 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 4 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  
, 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.**

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

**To Be Held On     , 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     , at     a.m. (Mountain Time) 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     , 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 - 4<sup>th</sup> 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 o**