



## **Gran Tierra Energy Enters into an Agreement to Sell its Argentina Business**

**CALGARY, Alberta, May 29, 2014, Gran Tierra Energy Inc. (“Gran Tierra Energy”)** (NYSE MKT, TSX: GTE), a company focused on oil and gas exploration and production in South America, today announced it has entered into agreements (the “Agreements”) whereby Madalena Energy Inc. (“Madalena”) (TSX-V: MVN) has agreed to acquire Gran Tierra Energy’s Argentina business unit for an aggregate consideration of approximately US\$69 million, comprised of US\$49 million in cash, US\$14 million in Madalena shares, and expected working capital adjustments of approximately US\$6 million. Gran Tierra Energy has received a deposit of US\$12.6 million and Madalena is expected to raise the remainder of the cash required to complete the transaction pursuant to a subscription receipt offering on a bought deal basis.

“The board of directors and management team of Gran Tierra Energy are committed to continuously managing its portfolio of opportunities in South America to enhance value for our shareholders,” said Dana Coffield, Gran Tierra Energy President and Chief Executive Officer. “As a result of our recent significant exploration success in Peru, ongoing success in Colombia and ongoing evaluations in Brazil, we are focusing Gran Tierra Energy’s human and capital resources in areas that we believe will provide the greatest return for our shareholders and drive growth in the future.”

In 2013, the Argentina business unit contributed average annual production of 3,028 barrels of oil equivalent per day, net after royalty and spent US\$6.5 million of its 2014 planned Argentina capital program of US\$48 million in the first quarter of 2014.

“With the April 30, 2014 effective date of the transaction, Gran Tierra Energy plans to reduce its 2014 corporate capital spending program by an amount comparable to the planned Argentina capital program of US\$48 million, less the amount spent up to the closing date of the transaction. This reduction in corporate capital spending, in addition to the approximate US\$69 million aggregate consideration, will further strengthen the balance sheet for future capital spending requirements and allow us to dedicate our resources to where they will have maximum impact and to focus on our more profitable operations,” concluded Coffield.

The Madalena board of directors has unanimously approved the Agreements. The closing date is expected to be on or before June 30, 2014 and it is subject to TSX Venture Exchange approval.

J.P. Morgan Securities LLC is acting as exclusive financial advisor to Gran Tierra Energy in connection with this transaction.

### **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>.

## **About Madalena – International and Domestic Assets (Pre-Acquisition)**

Madalena is an independent, Canadian-based, domestic and international upstream oil and gas company whose main business activities include exploration, development and production of crude oil, natural gas liquids and natural gas.

Internationally, Madalena holds three large blocks within the Neuquén basin in Argentina where it is focused on the delineation of large petroleum in-place shale and unconventional resources in the Vaca Muerta and Lower Agrio shales, in addition to multiple tight sand plays. The Company is also implementing horizontal drilling and completions technology to high impact international plays and is currently focused on a conventional oil play in the Sierras Blancas formation. Madalena holds approximately 132,200 net acres on the Coiron Amargo (34,951 net acres), Curamhuele (50,595 net acres) and Cortadera (46,656 net acres) blocks.

Domestically, Madalena's core area of operations is located in the Greater Paddle River area of west-central Alberta where the Company holds approximately 196 gross (>150 net) sections of land (approximately 78% average W.I.) encompassing light oil and liquids-rich gas resource plays. Madalena's primary domestic focus is to exploit its large inventory of horizontal drilling locations on its Ostracod oil and emerging oil & liquids-rich gas resource plays.

Madalena trades on the TSX Venture Exchange under the symbol MVN. Basic corporate information, recent news releases and regularly updated corporate presentations are available on the Company's website at [www.madalenaenergy.com](http://www.madalenaenergy.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 “will”, “expected”, “believe” and “plans”, 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 ability of Madalena to raise the remainder of the cash required to complete the transaction; the anticipated benefits of the transaction to Gran Tierra Energy and its shareholders; the anticipated receipt of approvals for the transaction; the anticipated timing of the closing of the transaction; and changes to Gran Tierra Energy's planned capital program for 2014 and the anticipated benefits of such changes.

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 the ability to receive, in a timely manner, the necessary approvals and the ability of Madalena to raise the remainder of the cash required to complete the transaction and political and economic uncertainties in South America. 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: failure to realize the anticipated benefits of the transaction, failure to obtain the necessary approvals, or to otherwise satisfy the conditions of the transaction, in a timely manner, or at all. Failure to obtain such approvals, or the failure to otherwise satisfy the conditions of the transaction, may result in the transaction not being completed on the proposed terms, or at all.

Accordingly, readers should not place undue reliance on the forward-looking statements contained herein. 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 6, 2014. 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](http://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 with 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**

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