

PART I - Financial Information

Item 1. *Financial Statements*

Gran Tierra Energy Inc.

Condensed Consolidated Statements of Operations (Unaudited)

(Thousands of U.S. Dollars, Except Share and Per Share Amounts)

	Three Months Ended March 31,	
	2019	2018
OIL AND NATURAL GAS SALES		
(Note 6)	\$ 152,565	\$ 138,228
EXPENSES		
Operating	34,783	21,776
Workover	6,289	4,489
Transportation	8,103	6,997
Depletion, depreciation and accretion	62,921	39,461
General and administrative	9,596	11,160
Severance	672	—
Foreign exchange gain	(2,434)	(942)
Financial instruments loss (Note 9)	3,165	6,946
Interest expense (Note 4)	7,938	5,495
	131,033	95,382
INTEREST INCOME	133	786
INCOME BEFORE INCOME TAXES	21,665	43,632
INCOME TAX EXPENSE		
Current (Note 7)	11,363	12,289
Deferred (Note 7)	8,323	13,482
	19,686	25,771
NET AND COMPREHENSIVE INCOME	\$ 1,979	\$ 17,861
NET INCOME PER SHARE		
- BASIC and DILUTED	\$ 0.01	\$ 0.05
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC (Note 5)	386,930,323	391,294,042
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED (Note 5)	386,945,682	391,379,013

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Balance Sheets (Unaudited)
(Thousands of U.S. Dollars, Except Share and Per Share Amounts)

	<u>As at March 31, 2019</u>	<u>As at December 31, 2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents (Note 10)	\$ 32,740	\$ 51,040
Restricted cash and cash equivalents (Note 10)	1,118	1,269
Accounts receivable	43,973	26,177
Investment (Note 9)	31,979	32,724
Taxes receivable	96,337	78,259
Other assets	14,344	13,056
Total Current Assets	<u>220,491</u>	<u>202,525</u>
Oil and Gas Properties (using the full cost method of accounting)		
Proved	914,792	853,428
Unproved	523,621	456,598
Total Oil and Gas Properties	<u>1,438,413</u>	<u>1,310,026</u>
Other capital assets	6,023	2,751
Total Property, Plant and Equipment	<u>1,444,436</u>	<u>1,312,777</u>
Other Long-Term Assets		
Deferred tax assets	44,126	45,437
Investment (Note 9)	8,513	8,711
Other	4,601	4,553
Goodwill	102,581	102,581
Total Other Long-Term Assets	<u>159,821</u>	<u>161,282</u>
Total Assets	\$ 1,824,748	\$ 1,676,584
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 186,736	\$ 154,670
Derivatives (Note 9)	1,194	1,017
Taxes payable	3,883	4,149
Equity compensation award liability (Note 5)	5,388	9,544
Total Current Liabilities	<u>197,201</u>	<u>169,380</u>
Long-Term Liabilities		
Long-term debt (Notes 4 and 9)	516,916	399,415
Deferred tax liabilities	29,813	23,419
Asset retirement obligation	43,007	43,676
Equity compensation award liability (Note 5)	4,593	8,139
Other	7,559	2,805
Total Long-Term Liabilities	<u>601,888</u>	<u>477,454</u>
Contingencies (Note 8)		
Shareholders' Equity		
Common Stock (Note 5) (384,492,732 and 387,079,027 shares of Common Stock par value \$0.001 per share, issued and outstanding as at March 31, 2019, and December 31, 2018, respectively)	10,287	10,290
Additional paid in capital	1,312,371	1,318,048
Deficit	(296,999)	(298,588)
Total Shareholders' Equity	<u>1,025,659</u>	<u>1,029,750</u>
Total Liabilities and Shareholders' Equity	\$ 1,824,748	\$ 1,676,584

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Thousands of U.S. Dollars)

	Three Months Ended March 31,	
	2019	2018
Operating Activities		
Net income	\$ 1,979	\$ 17,861
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation and accretion	62,921	39,461
Deferred tax expense	8,323	13,482
Stock-based compensation (Note 5)	1,727	3,309
Amortization of debt issuance costs (Note 4)	838	670
Unrealized foreign exchange gain	(3,283)	(1,044)
Financial instruments loss (Note 9)	3,165	6,946
Cash settlement of financial instruments (Note 9)	(220)	(5,817)
Cash settlement of asset retirement obligation	(217)	(192)
Cash settlement of restricted share units	—	(120)
Net change in assets and liabilities from operating activities (Note 10)	<u>(29,950)</u>	<u>(3,464)</u>
Net cash provided by operating activities	<u>45,283</u>	<u>71,092</u>
Investing Activities		
Additions to property, plant and equipment	(94,489)	(72,694)
Property acquisitions, net of cash acquired (Note 3)	(73,827)	—
Changes in non-cash investing working capital	(2,166)	1,957
Net cash used in investing activities	<u>(170,482)</u>	<u>(70,737)</u>
Financing Activities		
Proceeds from bank debt, net of issuance costs	117,000	4,988
Repayment of bank debt	(3,000)	(153,000)
Lease Payments	(345)	—
Repurchase of shares of Common Stock (Note 5)	(6,154)	(1,194)
Proceeds from exercise of stock options	—	74
Proceeds from issuance of Senior Notes, net of issuance costs	—	288,368
Net cash provided by financing activities	<u>107,501</u>	<u>139,236</u>
Foreign exchange loss on cash, cash equivalents and restricted cash and cash equivalents	(486)	663
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(18,184)	140,254
Cash, cash equivalents and restricted cash and cash equivalents, beginning of period (Note 10)	54,308	26,678
Cash, cash equivalents and restricted cash and cash equivalents, end of period (Note 10)	<u>\$ 36,124</u>	<u>\$ 166,932</u>
Supplemental cash flow disclosures (Note 10)		

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)
(Thousands of U.S. Dollars)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Share Capital		
Balance, beginning of period	\$ 10,290	\$ 10,295
Repurchase of Common Stock (Note 5)	(3)	—
Balance, end of period	<u>10,287</u>	<u>10,295</u>
Additional Paid in Capital		
Balance, beginning of period	1,318,048	1,327,244
Exercise of stock options	—	74
Stock-based compensation (Note 5)	474	563
Repurchase of Common Stock (Note 5)	(6,151)	(1,194)
Balance, end of period	<u>1,312,371</u>	<u>1,326,687</u>
Deficit		
Balance, beginning of period	(298,588)	(401,204)
Net income	1,979	17,861
Cumulative adjustment for accounting change related to leases (Note 2)	(390)	—
Balance, end of period	<u>(296,999)</u>	<u>(383,343)</u>
Total Shareholders' Equity	<u>\$ 1,025,659</u>	<u>\$ 953,639</u>

(See notes to the condensed consolidated financial statements)

Gran Tierra Energy Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Expressed in U.S. Dollars, unless otherwise indicated)

1. Description of Business

Gran Tierra Energy Inc., a Delaware corporation (the “Company” or “Gran Tierra”), is a publicly traded company focused on oil and natural gas exploration and production in Colombia and Ecuador.

2. Significant Accounting Policies

These interim unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The information furnished herein reflects all normal recurring adjustments that are, in the opinion of management, necessary for the fair presentation of results for the interim periods.

The note disclosure requirements of annual consolidated financial statements provide additional disclosures to that required for interim unaudited condensed consolidated financial statements. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements as at and for the year ended December 31, 2018, included in the Company’s 2018 Annual Report on Form 10-K.

The Company’s significant accounting policies are described in Note 2 of the consolidated financial statements which are included in the Company’s 2018 Annual Report on Form 10-K and are the same policies followed in these interim unaudited condensed consolidated financial statements, except as noted below. The Company has evaluated all subsequent events through to the date these interim unaudited condensed consolidated financial statements were issued.

Recently Adopted Accounting Pronouncements

Leases

The Company adopted Accounting Standard Codification (“ASC”) 842 Leases with a date of initial application on January 1, 2019 in accordance with the modified retrospective transition approach using the practical expedients available for land easements and short-term leases. The Company did not elect the “suite” of practical expedients or use the hindsight expedient in its adoption.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgment to determine the lease term for contracts which include renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

All leases identified relate to office leases.

The transition resulted in the recognition of a right-of-use asset presented in other capital assets of \$3.8 million at January 1, 2019, the recognition of lease liabilities of \$4.2 million and a \$0.4 million impact on retained earnings. When measuring the lease liabilities, the Company's incremental borrowing rate was used. At January 1, 2019 the rates applied ranged between 5.6% and 9.1%.

3. Property, Plant and Equipment

On February 20, 2019, the Company acquired 36.2% working interest ("WI") in the Suroriente Block and a 100% WI of the Llanos-5 Block for cash consideration of \$79.1 million and a promissory note of \$1.5 million included in current accounts payable on the Company's condensed consolidated balance sheet. The cost of the assets was allocated to proved assets using relative fair values. The entire consideration of \$0.3 million for Llanos-5 was allocated to unproved assets.

(Thousands of U.S. Dollars)

Cost of asset acquisition:

Cash	\$	79,100
Promissory note		1,500
		<u>80,600</u>
	\$	<u>80,600</u>

Allocation of Consideration Paid:

Oil and gas properties		
Proved	\$	52,340
Unproved		44,608
		<u>96,948</u>
Net working capital (including cash acquired of \$5.3 million)		<u>(16,348)</u>
	\$	<u>80,600</u>

Subsequent to the quarter, the Company acquired the remaining 20% WI of the VMM-2 Block for cash consideration of \$3.5 million.

4. Debt and Debt Issuance Costs

The Company's debt at March 31, 2019 and December 31, 2018 was as follows:

(Thousands of U.S. Dollars)

	<u>As at March 31, 2019</u>	<u>As at December 31, 2018</u>
Senior notes	\$ 300,000	\$ 300,000
Convertible notes	115,000	115,000
Revolving credit facility	114,000	—
Unamortized debt issuance costs	<u>(14,747)</u>	<u>(15,585)</u>
Long-term debt	514,253	399,415
Long-term lease obligation ⁽¹⁾	<u>2,663</u>	—
	<u>\$ 516,916</u>	<u>\$ 399,415</u>

⁽¹⁾ The current portion of the lease obligation has been included in Accounts Payable and totaled \$1.8 million as at March 31, 2019 (nil - December 31, 2018).

Interest Expense

The following table presents total interest expense recognized in the accompanying interim unaudited condensed consolidated statements of operations:

(Thousands of U.S. Dollars)	Three Months Ended March 31,	
	2019	2018
Contractual interest and other financing expenses	\$ 7,100	\$ 4,825
Amortization of debt issuance costs	838	670
	\$ 7,938	\$ 5,495

5. Share Capital

	Shares of Common Stock
Balance, December 31, 2018	387,079,027
Shares repurchased and canceled	(2,586,295)
Balance, March 31, 2019	384,492,732

On March 11, 2019, the Company announced that it intended to implement a share repurchase program (the “2019 Program”) through the facilities of the Toronto Stock Exchange (“TSX”) and eligible alternative trading platforms in Canada. Under the 2019 Program, the Company is able to purchase at prevailing market prices up to 19,353,951 shares of Common Stock, representing approximately 5.00% of the issued and outstanding shares of Common Stock as of March 1, 2019. Shares purchased pursuant to 2019 Program will be canceled. The 2019 Program will expire on March 12, 2020, or earlier if the 5.00% share maximum is reached.

During three months ended March 31, 2019, the Company repurchased 743,520 shares at a weighted average price of \$2.34 under 2018 share repurchase program and 1,842,775 shares at a weighted average price of \$2.40 per share under the 2019 Program. All the repurchased shares were canceled subsequent to repurchase.

Equity Compensation Awards

The following table provides information about performance stock units (“PSUs”), deferred share units (“DSUs”), and stock option activity for the three months ended March 31, 2019:

	PSUs	DSUs	Stock Options	
	Number of Outstanding Share Units	Number of Outstanding Share Units	Number of Outstanding Stock Options	Weighted Average Exercise Price/Stock
Balance, December 31, 2018	9,004,661	684,893	9,034,412	3.18
Granted	4,382,335	83,072	2,083,026	2.32
Exercised	(2,725,877)	—	—	—
Forfeited	(457,290)	—	(477,691)	4.56
Expired	—	—	(44,940)	7.09
Balance, March 31, 2019	<u>10,203,829</u>	<u>767,965</u>	<u>10,594,807</u>	<u>2.93</u>

Stock-based compensation expense for the three months ended March 31, 2019, was \$1.7 million (three months ended March 31, 2018 - \$3.3 million).

At March 31, 2019, there was \$18.1 million (December 31, 2018 - \$9.2 million) of unrecognized compensation cost related to unvested PSUs and stock options which is expected to be recognized over a weighted average period of 2.1 years. For the three months ended March 31, 2019, the Company paid out \$10.2 million (three months ended March 31, 2018 - \$0.0 million) for performance share units which were vested December 31, 2018.

Net Income per Share

Basic net income per share is calculated by dividing net income by the weighted average number of shares of Common Stock and exchangeable shares issued and outstanding during each period. Diluted net income per share is similarly calculated except that the common shares outstanding for the period is increased using the treasury stock method to reflect the potential dilution that could occur if outstanding stock awards were vested at the end of the applicable period plus potentially issuable shares on conversion of the convertible notes. Anti-dilutive shares represent potentially dilutive securities that are excluded from the computation of diluted income or loss per share as their impact would be anti-dilutive.

Weighted Average Shares Outstanding

	Three Months Ended March 31,	
	2019	2018
Weighted average number of common and exchangeable shares outstanding	386,930,323	391,294,042
Shares issuable pursuant to stock options	333,028	867,427
Shares assumed to be purchased from proceeds of stock options	(317,669)	(782,456)
Weighted average number of diluted common and exchangeable shares outstanding	386,945,682	391,379,013

For the three months ended March 31, 2019, 10,284,152 options (three months ended March 31, 2018 - 8,599,422), on a weighted average basis, were excluded from the diluted income per share calculation as the options were anti-dilutive. Shares issuable upon conversion of the 5.00% Convertible Notes due 2021 ("Convertible Notes") were anti-dilutive and not included in the diluted income per share calculation.

6. Revenue

Most of the Company's revenues are from oil sales at prices which reflect the blended prices received upon shipment by the purchaser at defined sales points or are defined by contract relative to ICE Brent and adjusted for Vasconia crude, quality and transportation discounts each month. For the three months ended March 31, 2019, 100% (three months ended March 31, 2018 - 100%) of the Company's revenue resulted from oil sales. During the three months ended March 31, 2019, quality and transportation discounts were 17% of the average ICE Brent price (three months ended March 31, 2018 - 16%). During the three months ended March 31, 2019, the Company's production was sold primarily to two major customers in Colombia (three months ended March 31, 2018 - four).

As at March 31, 2019, accounts receivable included \$4.3 million of accrued sales revenue related to March 2019 production (December 31, 2018 - \$4.2 million related to December 31, 2018 production).

7. Taxes

The Company's effective tax rate was 91% in the three months ended March 31, 2019, compared with 59% in the comparative period in 2018. Current income tax expenses were lower in the three months ended March 31, 2019, compared with the corresponding period in 2018, primarily as a result of lower taxable income in Colombia. The deferred income tax expense of \$8.3 million for the three months ended March 31, 2019 was primarily due to excess tax depreciation compared with accounting depreciation in Colombia.

For the three months ended March 31, 2019, the difference between the effective tax rate of 91% and the 33% Colombian tax rate was primarily due to an increase in the valuation allowance, foreign translation adjustment, a non-deductible third party royalty in Colombia, stock-based compensation and other permanent differences. These were partially offset by a decrease in the impact of foreign taxes.

For the comparative period in 2018, the 59% effective tax rate differed from the Colombian tax rate of 37% primarily due to an increase to the valuation allowance, non-deductible third party royalty in Colombia, stock based compensation, foreign currency translation and other permanent differences. These were partially offset by a decrease in the impact of foreign taxes.

8. Contingencies

The Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) ("ANH") and Gran Tierra are engaged in ongoing discussions regarding the interpretation of whether certain transportation and related costs are eligible to be deducted in the calculation of an additional royalty (the "HPR royalty"). Based on the Company's understanding of the ANH's position, the estimated compensation, which would be payable if the ANH's interpretation is correct, could be up to \$55.6 million as at March 31, 2019. At this time no amount has been accrued in the interim unaudited condensed consolidated financial statements as Gran Tierra does not consider it probable that a loss will be incurred.

In addition to the above, the Company has a number of other lawsuits and claims pending. Although the outcome of these other lawsuits and disputes cannot be predicted with certainty, the Company believes the resolution of these matters would not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. Gran Tierra records costs associated with these lawsuits and claims as they are incurred or become probable and determinable.

Letters of credit and other credit support

At March 31, 2019, the Company had provided letters of credit and other credit support totaling \$77.1 million (December 31, 2018 - \$76.7 million) as security relating to work commitment guarantees contained in exploration contracts and other capital or operating requirements.

9. Financial Instruments and Fair Value Measurement

Financial Instruments

At March 31, 2019, the Company's financial instruments recognized in the balance sheet consisted of: cash and cash equivalents; restricted cash and cash equivalents; accounts receivable; investment; derivatives, accounts payable and accrued liabilities, long-term debt, equity compensation award liability and other long-term liabilities.

Fair Value Measurement

The fair value of investment, derivatives and PSU liabilities is remeasured at the estimated fair value at the end of each reporting period.

The fair value of the short-term portion of the Company's investment in PetroTal Corp. ("PetroTal"), which was received on the sale of the Company's Peru business unit, was estimated using quoted prices at March 31, 2019, and the foreign exchange rate at that date. The fair value of the long-term portion of the investment restricted by escrow conditions was estimated using observable and unobservable inputs; factors that were evaluated included quoted market prices, precedent comparable transactions, risk free rate, measures of market risk volatility, estimates of the Company's and PetroTal's cost of capital and quotes from third parties.

The fair value of commodity price and foreign currency derivatives is estimated based on various factors, including quoted market prices in active markets and quotes from third parties. The Company also performs an internal valuation to ensure the reasonableness of third party quotes. In consideration of counterparty credit risk, the Company assessed the possibility of whether the counterparty to the derivative would default by failing to make any contractually required payments. Additionally,

the Company considers that it is of substantial credit quality and has the financial resources and willingness to meet its potential repayment obligations associated with the derivative transactions.

The fair value of the PSU liability was estimated based on option pricing model using inputs such as quoted market prices in an active market, and PSU performance factor.

The fair value of investment, derivatives, PSU and DSU liabilities at March 31, 2019, and December 31, 2018, was as follows:

(Thousands of U.S. Dollars)	As at March 31, 2019	As at December 31, 2018
Investment - current and long-term	\$ 40,491	\$ 41,435
Derivative liability	\$ 1,194	\$ 1,017
DSU and PSU liability	9,982	17,683
	<u>\$ 11,176</u>	<u>\$ 18,700</u>

The following table presents gains or losses on financial instruments recognized in the accompanying interim unaudited condensed consolidated statements of operations:

(Thousands of U.S. Dollars)	Three Months Ended March 31,	
	2019	2018
Commodity price derivative loss	\$ 1,194	\$ 4,995
Foreign currency derivatives gain	—	(3,970)
Investment loss	1,971	5,921
Financial instruments loss	<u>\$ 3,165</u>	<u>\$ 6,946</u>

These losses are presented as financial instruments loss in the condensed consolidated statements of operations and cash flows.

Investment loss for the three months ended March 31, 2019, related to the fair value loss on the PetroTal shares Gran Tierra received in connection with the sale of its Peru business unit in December 2017. For the three months ended March 31, 2019 and 2018, this investment loss was unrealized.

Financial instruments not recorded at fair value include the Company's 6.25% Senior Notes due 2025 (the "Senior Notes") and the Convertible Notes (Note 4). At March 31, 2019, the carrying amounts of the Senior Notes and the Convertible Notes were \$289.6 million and \$112.4 million, respectively, which represented the aggregate principal amount less unamortized debt issuance costs, and the fair values were \$286.8 million and \$119.0 million, respectively. The fair value of long-term restricted cash and cash equivalents and the revolving credit facility approximated their carrying value because interest rates are variable and reflective of market rates. The fair values of other financial instruments approximate their carrying amounts due to the short-term maturity of these instruments.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of quoted prices (unadjusted) in active markets for identical assets and liabilities and have the highest priority. Level 2 and 3 inputs are based on significant other observable inputs and significant unobservable inputs, respectively, and have lower priorities. The Company uses appropriate valuation techniques based on the available inputs to measure the fair values of assets and liabilities.

At March 31, 2019, the fair value of the current portion of the investment and DSU liability was determined using Level 1 inputs, the fair value of derivatives and PSUs was determined using Level 2 inputs and the fair value of the long-term portion of

the investment restricted by escrow conditions was determined using Level 3 inputs. The table below presents the fair value of the long-term portion of the investment:

(Thousands of U.S. Dollars)	Three Months Ended		Year Ended	
	March 31, 2019		December 31, 2018	
Opening balance, investment - long-term	\$	8,711	\$	19,147
Transfer from long-term (Level 3) to current (Level 1)		—		(10,522)
Unrealized valuation (loss) gain		(417)		846
Unrealized foreign exchange gain (loss)		219		(760)
Closing balance, investment - long-term	\$	8,513	\$	8,711

The Company uses available market data and valuation methodologies to estimate the fair value of debt. The fair value of debt is the estimated amount the Company would have to pay a third party to assume the debt, including a credit spread for the difference between the issue rate and the period end market rate. The credit spread is the Company's default or repayment risk. The credit spread (premium or discount) is determined by comparing the Company's Senior Notes, Convertible Notes and revolving credit facility to new issuances (secured and unsecured) and secondary trades of similar size and credit statistics for both public and private debt. The disclosure above regarding the fair value of the Convertible Notes was determined using Level 2 inputs based on the indicative pricing published by certain third-party services or trading levels of the Convertible Notes, which are not listed on any securities exchange or quoted on an inter-dealer automated quotation system. The disclosure in the paragraph above regarding the fair value of cash and restricted cash and cash equivalents, revolving credit facility and Senior Notes was based on Level 1 inputs.

The Company's non-recurring fair value measurements include asset retirement obligations. The fair value of an asset retirement obligation is measured by reference to the expected future cash outflows required to satisfy the retirement obligation discounted at the Company's credit-adjusted risk-free interest rate. The significant level 3 inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit-adjusted risk-free interest rate, inflation rates and estimated dates of abandonment. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value, while the asset retirement cost is amortized over the estimated productive life of the related assets.

Commodity Price Derivatives

The Company utilizes commodity price derivatives to manage the variability in cash flows associated with the forecasted sale of its oil production, reduce commodity price risk and provide a base level of cash flow in order to assure it can execute at least a portion of its capital spending.

At March 31, 2019, the Company had outstanding commodity price derivative positions as follows:

Period and type of instrument	Volume, bopd	Reference	Purchased Put (\$/bbl, Weighted Average)	Sold Call (\$/bbl, Weighted Average)	Premium (\$/bbl, Weighted Average)
Purchased Puts: April 1, to December 31, 2019	5,000	ICE Brent \$	60.00	n/a \$	2.39
Collars: April 1, to December 31, 2019	5,000	ICE Brent \$	60.00 \$	71.53	n/a

Foreign Currency Derivatives

The Company utilizes foreign currency derivatives to manage the variability in cash flows associated with the Company's forecasted Colombian peso ("COP") denominated expenses. Subsequent to March 31, 2019, the Company entered into foreign currency derivative positions as follows:

Period and type of instrument	Amount Hedged (Millions COP)	U.S. Dollar Equivalent of Amount Hedged (Thousands of U.S. Dollars) ⁽¹⁾	Reference	Floor Price (COP, Weighted Average)	Cap Price (COP, Weighted Average)
Collars: May 1, to December 31, 2019	180,000	56,697	COP	3,019	3,446

⁽¹⁾ At March 31, 2019 foreign exchange rate.

10. Supplemental Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents with the Company's interim unaudited condensed consolidated balance sheet that sum to the total of the same such amounts shown in the interim unaudited condensed consolidated statements of cash flows:

(Thousands of U.S. Dollars)	As at March 31,		As at December 31,	
	2019	2018	2018	2017
Cash and cash equivalents	\$ 32,740	\$ 160,474	\$ 51,040	\$ 12,326
Restricted cash and cash equivalents - current	1,118	3,294	1,269	11,787
Restricted cash and cash equivalents - long-term (included in other long-term assets)	2,266	3,164	1,999	2,565
	<u>\$ 36,124</u>	<u>\$ 166,932</u>	<u>\$ 54,308</u>	<u>\$ 26,678</u>

Net changes in assets and liabilities from operating activities were as follows:

(Thousands of U.S. Dollars)	Three Months Ended March 31,	
	2019	2018
Accounts receivable and other long-term assets	\$ (18,011)	\$ (1,982)
Derivatives	(796)	1,847
Inventory	(1,749)	(1,785)
Prepays	551	1,498
Accounts payable and accrued and other long-term liabilities	6,456	(2,495)
Taxes receivable and payable	(16,401)	(547)
Net changes in assets and liabilities from operating activities	<u>\$ (29,950)</u>	<u>\$ (3,464)</u>

The following table provides additional supplemental cash flow disclosures:

(Thousands of U.S. Dollars)	Three Months Ended March 31,	
	2019	2018
Non-cash investing activities:		
Net liabilities related to property, plant and equipment, end of period	<u>\$ 83,038</u>	<u>\$ 70,108</u>