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 June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
OIL SALES (Note 8)	**$ 96,623**	$ 33,824	**$ 192,116**	$ 119,903
EXPENSES				
Operating	**25,431**	19,364	**55,056**	63,952
Transportation	**2,921**	3,226	**5,427**	7,263
COVID-19 related costs (Note 9)	**897**	421	**2,036**	421
Depletion, depreciation and accretion	**28,927**	42,484	**60,245**	99,778
Goodwill impairment (Note 5)	**—**	—	**—**	102,581
Asset impairment (Note 5)	**—**	398,458	**—**	402,362
General and administrative	**9,006**	6,529	**18,575**	11,914
Severance	**—**	25	**919**	1,347
Foreign exchange loss (gain)	**91**	(2,988)	**13,174**	15,819
Derivative instruments loss (gain) (Note 12)	**21,239**	5,623	**44,937**	(7,244)
Other financial instruments loss (gain) (Note 12)	**2,614**	(5,459)	**1,209**	59,826
Interest expense (Note 6)	**13,935**	13,365	**27,747**	26,175
	105,061	481,048	**229,325**	784,194
INTEREST INCOME	**—**	—	**—**	345
LOSS BEFORE INCOME TAXES	**(8,438)**	(447,224)	**(37,209)**	(663,946)
INCOME TAX EXPENSE (RECOVERY)				
Current (Note 10)	**(14)**	(375)	**(14)**	(77)
Deferred (Note 10)	**9,203**	(76,200)	**17,854**	(41,594)
	9,189	(76,575)	**17,840**	(41,671)
NET AND COMPREHENSIVE LOSS	**$ (17,627)**	$ (370,649)	**$ (55,049)**	$ (622,275)
NET LOSS PER SHARE				
BASIC AND DILUTED	**$ (0.05)**	$ (1.01)	**$ (0.15)**	$ (1.70)
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED (Note 7)	***366,982,456***	*366,981,556*	***366,982,008***	*366,981,556*

(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)

	As at June 30, 2021	As at December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 13)	**$ 19,965**	$ 14,114
Accounts receivable	**8,462**	8,044
Investment (Note 12)	**31,525**	48,323
Taxes receivable (Note 3)	**27,842**	49,925
Other current assets	**17,425**	13,459
Total Current Assets	**105,219**	133,865
Oil and Gas Properties		
Proved	**829,017**	797,355
Unproved	**159,021**	161,763
Total Oil and Gas Properties	**988,038**	959,118
Other capital assets	**3,842**	5,364
Total Property, Plant and Equipment (Note 4)	**991,880**	964,482
Other Long-Term Assets		
Deferred tax assets	**26,162**	57,318
Taxes receivable (Note 3)	**45,985**	42,635
Restricted cash and cash equivalents (Note 13)	**3,590**	3,409
Other	**1,709**	16
Total Other Long-Term Assets	**77,446**	103,378
Total Assets	**$ 1,174,545**	$ 1,201,725
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 116,437**	$ 100,784
Derivatives (Note 12)	**26,594**	12,050
Equity compensation award liability (Note 7 and 12)	**1,991**	805
Total Current Liabilities	**145,022**	113,639
Long-Term Liabilities		
Long-term debt (Notes 6 and 12)	**759,824**	774,770
Asset retirement obligation	**53,105**	48,214
Equity compensation award liability (Note 7 and 12)	**9,762**	3,955
Other long-term liabilities	**3,630**	4,113
Total Long-Term Liabilities	**826,321**	831,052
Contingencies (Note 11)		
Shareholders' Equity		
Common Stock (Note 7) (366,991,788 and 366,981,556 shares issued and outstanding of Common Stock, par value $0.001 per share, as at June 30, 2021, and December 31, 2020, respectively)	**10,270**	10,270
Additional paid-in capital	**1,286,235**	1,285,018
Deficit	**(1,093,303)**	(1,038,254)
Total Shareholders' Equity	**203,202**	257,034
Total Liabilities and Shareholders' Equity	**$ 1,174,545**	$ 1,201,725

(See notes to the condensed consolidated financial statements)

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

	Six Months Ended June 30,	
	2021	**2020**
Operating Activities		
Net loss	**$ (55,049)**	$ (622,275)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and accretion	**60,245**	99,778
Goodwill impairment (Note 5)	**—**	102,581
Asset impairment (Note 5)	**—**	402,362
Deferred tax expense (recovery)	**17,854**	(41,594)
Stock-based compensation expense (recovery) (Note 7)	**5,544**	(763)
Amortization of debt issuance costs (Note 6)	**1,775**	1,936
Unrealized foreign exchange loss	**13,480**	19,255
Derivative instruments loss (gain) (Note 12)	**44,937**	(6,487)
Cash settlements on derivatives instruments	**(37,709)**	14,343
Other financial instruments loss (Note 12)	**1,209**	59,069
Cash settlement of asset retirement obligation	**(248)**	(27)
Non-cash lease expenses	**814**	971
Lease payments	**(855)**	(975)
Net change in assets and liabilities from operating activities (Note 13)	**27,157**	(21,255)
Net cash provided by operating activities	**79,154**	6,919
Investing Activities		
Additions to property, plant and equipment	**(74,811)**	(49,024)
Proceeds on disposition of investment, net of transaction costs (Note 12)	**14,632**	—
Changes in non-cash investing working capital (Note 13)	**3,176**	(38,645)
Net cash used in investing activities	**(57,003)**	(87,669)
Financing Activities		
Proceeds from debt, net of issuance costs (Note 6)	**(125)**	90,505
Repayment of debt (Note 6)	**(15,001)**	—
Proceeds from exercise of stock options	**8**	—
Lease payments	**(513)**	(307)
Net cash (used in) provided by financing activities	**(15,631)**	90,198
Foreign exchange loss on cash, cash equivalents and restricted cash and cash equivalents	**(488)**	(738)
Net increase in cash, cash equivalents and restricted cash and cash equivalents	**6,032**	8,710
Cash, cash equivalents and restricted cash and cash equivalents, beginning of period (Note 13)	**17,523**	11,075
Cash, cash equivalents and restricted cash and cash equivalents, end of period (Note 13)	**$ 23,555**	$ 19,785

Supplemental cash flow disclosures (Note 13)

(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 June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Share Capital				
Balance, beginning of period	**$ 10,270**	$ 10,270	**$ 10,270**	$ 10,270
Balance, end of period	**10,270**	10,270	**10,270**	10,270
Additional Paid-in Capital				
Balance, beginning of period	**1,285,597**	1,283,192	**1,285,018**	1,282,627
Stock-based compensation (Note 7)	**638**	606	**1,217**	1,171
Balance, end of period	**1,286,235**	1,283,798	**1,286,235**	1,283,798
Deficit				
Balance, beginning of period	**(1,075,676)**	(511,913)	**(1,038,254)**	(260,287)
Net loss	**(17,627)**	(370,649)	**(55,049)**	(622,275)
Balance, end of period	**(1,093,303)**	(882,562)	**(1,093,303)**	(882,562)
Total Shareholders' Equity	**$ 203,202**	$ 411,506	**$ 203,202**	$ 411,506

(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 international oil and natural gas exploration and production with assets currently 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, 2020, included in the Company's 2020 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 2020 Annual Report on Form 10-K and are the same policies followed in these interim unaudited condensed consolidated financial statements. The Company has evaluated all subsequent events through to the date these interim unaudited condensed consolidated financial statements were issued.

3. Taxes Receivable

The table below shows the break-down of taxes receivable, which are comprised of value added tax ("VAT") and income tax receivables:

(Thousands of U.S. Dollars)	As at June 30, 2021	As at December 31, 2020
Current		
VAT Receivable	**$ 16,199**	$ 35,977
Income Tax Receivable	**11,643**	13,948
	27,842	49,925
Long-Term		
VAT Receivable	**20,885**	28,485
Income Tax Receivable	**25,100**	14,150
	45,985	42,635
Total Taxes Receivable	**$ 73,827**	$ 92,560

The following table shows the movement of VAT and income tax receivables for the period identified below:

(Thousands of U.S. Dollars)	VAT Receivable	Income Tax Receivable	Total Taxes Receivable
Balance, as at December 31, 2020	$ 64,462	$ 28,098	$ 92,560
Collected through direct government refunds	(340)	—	(340)
Collected through sales contracts	(40,414)	—	(40,414)
Taxes paid [1]	17,368	11,947	29,315
Foreign exchange loss	(3,992)	(3,302)	(7,294)
Balance, as at June 30, 2021	**$ 37,084**	**$ 36,743**	**$ 73,827**

[1] *VAT is paid on certain goods and services in Colombia at a rate of 19%*

4. Property, Plant and Equipment

(Thousands of U.S. Dollars)		As at June 30, 2021		As at December 31, 2020
Oil and natural gas properties				
Proved	**$**	**4,196,663**	$	4,106,768
Unproved		**159,021**		161,763
		4,355,684		4,268,531
Other[1]		**32,602**		32,135
		4,388,286		4,300,666
Accumulated depletion and depreciation and impairment		**(3,396,406)**		(3,336,184)
	$	**991,880**	$	964,482

[1] *The "other" category includes right-of-use assets for operating and finance leases of $11.7 million, which had a net book value of $3.2 million as at June 30, 2021 (December 31, 2020 - $11.4 million which had a net book value of $4.4 million).*

5. Impairment

Asset impairment

(i) Oil and gas property impairment

For the three and six months ended June 30, 2021, Gran Tierra had no ceiling test impairment losses based on the ceiling test calculation results. For each of the three and six months ended June 30, 2020, Gran Tierra had $398.3 million of ceiling test impairment losses. The Company used an average Brent price of $52.74 and $52.32 per bbl, for the purposes of the June 30, 2021 and 2020, respectively, ceiling test calculations.

(ii) Inventory impairment

For the three and six months ended June 30, 2021, the Company had no inventory impairment. For the three and six months ended June 30, 2020, the Company recorded $0.2 million and $4.1 million, respectively, of inventory impairment.

Goodwill impairment

The entire goodwill balance of $102.6 million was impaired during the six months ended June 30, 2020 due to the carrying value of the reporting unit exceeding its fair value as a result of the impact of lower forecasted commodity prices.

6. Debt and Debt Issuance Costs

The Company's debt at June 30, 2021 and December 31, 2020 was as follows:

(Thousands of U.S. Dollars)		As at June 30, 2021		As at December 31, 2020
6.25% Senior Notes	**$**	**300,000**	$	300,000
7.75% Senior Notes		**300,000**		300,000
Revolving credit facility		**175,000**		190,000
Unamortized debt issuance costs		**(16,474)**		(18,124)
Long-term debt		**758,526**		771,876
Long-term lease obligation[1]		**1,298**		2,894
	$	**759,824**	$	774,770

[1] *The current portion of the lease obligation has been included in accounts payable and accrued liabilities on the Company's balance sheet and totaled $3.6 million as at June 30, 2021 (December 31, 2020 - $3.3 million).*

As at June 30, 2021 the borrowing base of the Company's Senior Secured Credit Facility (the "revolving credit facility") was $215 million with the next re-determination to occur no later than November, 2021.

The Company is required to comply with various covenants, which have been modified in response to market conditions including the COVID-19 pandemic until October 1, 2021 ("the covenant relief period"). During the covenant relief period, the Company's ratio of total debt to Covenant EBITDAX ("EBITDAX") is permitted to be greater than 4.0 to 1.0, its Senior Secured Debt to EBITDAX ratio must not exceed 2.5 to 1.0, and its EBITDAX to interest expense ratio for the trailing four quarter periods measured as of the last day of the fiscal quarters ended (i) June 30, 2021 to September 30, 2021 must be at least 2.0 to 1.0, and (ii) at least 2.5 to 1.0 thereafter. As of June 30, 2021, the Company was in compliance with all applicable covenants in the revolving credit facility.

After the expiration of covenant relief period, the Company must maintain compliance with the following financial covenants: limitations on Company's ratio of debt to EBITDAX to a maximum of 4.0 to 1.0; limitations on Company's ratio of Senior Secured Debt to EBITDAX to a maximum of 3.0 to 1.0; and the maintenance of a ratio of EBITDAX to interest expense of at least 2.5 to 1.0. If the Company fails to comply with these financial covenants, it would result in a default under the terms of the credit agreement, which could result in an acceleration of repayment of all indebtedness under the Company's revolving credit facility.

Amounts drawn down under the revolving credit facility bear interest, at the Company's option, at the USD LIBOR rate plus a margin ranging from 2.90% to 4.90%, or an alternate base rate plus a margin ranging from 1.90% to 3.90%, in each case based on the borrowing base utilization percentage. The alternate base rate is currently the U.S. prime rate. Undrawn amounts under the revolving credit facility bear interest from 0.73% to 1.23% per annum, based on the average daily amount of unused commitments.

The Company's revolving credit facility is guaranteed by and secured against the assets of certain of the Company's subsidiaries (the "Credit Facility Group"). Under the terms of the credit facility, the Company is subject to certain restrictions on its ability to distribute funds to entities outside of the Credit Facility Group, including restrictions on the ability to pay dividends to shareholders of the Company.

Interest Expense

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of U.S. Dollars)	**2021**	**2020**	**2021**	**2020**
Contractual interest and other financing expenses	**$ 13,041**	$ 12,273	**$ 25,972**	$ 24,239
Amortization of debt issuance costs	**894**	1,092	**1,775**	1,936
	$ 13,935	$ 13,365	**$ 27,747**	$ 26,175

7. Share Capital

	Shares of Common Stock
Balance, December 31, 2020	366,981,556
Shares issued on option exercise	10,232
Balance, June 30, 2021	366,991,788

Equity Compensation Awards

The following table provides information about performance stock units ("PSUs"), deferred share units ("DSUs"), and stock option activity for the six months ended June 30, 2021:

	PSUs	DSUs	Stock Options	
	Number of Outstanding Share Units	Number of Outstanding Share Units	Number of Outstanding Stock Options	Weighted Average Exercise Price/ Stock Option ($)
Balance, December 31, 2020	23,273,404	4,067,897	15,444,949	1.50
Granted	13,428,840	1,027,103	5,679,894	0.81
Exercised	(2,733,209)	—	(10,232)	0.77
Forfeited	(1,828,743)	—	(1,020,207)	0.90
Expired	—	—	(1,040,262)	3.27
Balance, June 30, 2021	**32,140,292**	**5,095,000**	**19,054,142**	**1.23**

For the three and six months ended June 30, 2021, stock-based compensation expense was $1.9 million and $5.5 million, respectively (three and six months ended June 30, 2020 - expense of $1.3 million and recovery of $0.8 million, respectively).

At June 30, 2021, there was $17.4 million (December 31, 2020 - $5.9 million) of unrecognized compensation cost related to unvested PSUs and stock options, which is expected to be recognized over a weighted average period of 2.0 years. During the six months ended June 30, 2021, the Company paid out $0.6 million for PSUs which were vested on December 31, 2020 (six months ended June 30, 2020 - $3.2 million for PSU's which were vested on December 31, 2019).

Net Loss per Share

Basic net loss per share is calculated by dividing net loss by the weighted average number of shares of Common Stock issued and outstanding during each period. Diluted net loss per share is calculated using the treasury stock method for share-based compensation arrangements. The treasury stock method assumes that any proceeds obtained on exercise of share-based compensation arrangements would be used to purchase common shares at the average market price during the period. The weighted average number of shares is then adjusted by the difference between the number of shares issued from the exercise of share-based compensation arrangements and shares repurchased from the related proceeds. 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.

For the three and six months ended June 30, 2021 and 2020 all options on a weighted average basis, were excluded from the diluted loss per share calculation as the options were anti-dilutive.

8. Revenue

The Company's revenues are generated 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 or Castilla crude differentials, quality, and transportation discounts each month. For the three and six months ended June 30, 2021, 100% (three and six months ended June 30, 2020 - 100%) of the Company's revenue resulted from oil sales. During the three and six months ended June 30, 2021, quality and transportation discounts were 17% and 16%, respectively, of the average ICE Brent price (three and six months ended June 30, 2020 - 42% and 29%, respectively). During the three and six months ended June 30, 2021, the Company's production was sold primarily to two major customers in Colombia (three and six months ended June 30, 2020 - two).

As at June 30, 2021, accounts receivable included $0.2 million of accrued sales revenue related to June 2021 production (December 31, 2020 - $0.1 million related to December 31, 2020 production).

9. COVID-19 Costs

The COVID-19 pandemic resulted in extra operating and transportation costs related to COVID-19 health and safety preventative measures including incremental sanitation requirements and enhanced procedures for trucking barrels and crew changes in the field. Below is a break-down of the costs:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of U.S. Dollars)	**2021**	**2020**	**2021**	**2020**
Operating expenses	**$ 816**	$ 421	**$ 1,862**	$ 421
Transportation costs	**81**	—	**174**	—
Total COVID-19 costs	**$ 897**	$ 421	**$ 2,036**	$ 421

10. Taxes

The Company's effective tax rate was (48)% for the six months ended June 30, 2021, compared to 6% in the comparative period of 2020. Current income tax was in a recovery position for the six months ended June 30, 2021 and 2020, primarily as a result of changes in the previous estimation of presumptive minimum tax. The deferred income tax expense for the six months ended June 30, 2021, was the result of excess tax depreciation compared to accounting depreciation and the use of tax losses to offset taxable income in Colombia. The deferred income tax recovery in the comparative period of 2020 was mainly the result of a ceiling test impairment loss in Colombia; which was partially offset by losses incurred in Colombia that are now fully offset by a valuation allowance.

For the six months ended June 30, 2021, the difference between the effective tax rate of (48)% and the 31% Colombian tax rate was primarily due to an increase in the impact of foreign taxes, foreign translation adjustments, other permanent differences and stock based compensation; which was partially offset by a decrease in the valuation allowance.

For the six months ended June 30, 2020, the difference between the effective tax rate of 6% and the 32% Colombian tax rate was primarily due to an increase in the valuation allowance, the non-deductibility of goodwill impairment for tax purposes, foreign translation adjustments and the non-deductible portion (50%) of the unrealized loss on PetroTal Corp. ("PetroTal") shares.

11. Contingencies

Legal Proceedings

Gran Tierra has a number of lawsuits and claims pending, including a dispute with the Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency) ("ANH") relating to the calculation of high price share royalties. Although the outcome of these lawsuits and disputes cannot be predicted with certainty, Gran Tierra 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 as they are incurred or become probable and determinable.

Letters of credit and other credit support

At June 30, 2021, the Company had provided letters of credit and other credit support totaling $103.5 million (December 31, 2020 - $100.6 million) as security relating to work commitment guarantees in Colombia and Ecuador contained in exploration contracts and other capital or operating requirements.

12. Financial Instruments and Fair Value Measurement

Financial Instruments

At June 30, 2021, the Company’s financial instruments recognized on the balance sheet consisted of: cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, investment, other long-term assets, accounts payable and accrued liabilities, derivatives, equity compensation award liability, long-term debt and other long-term liabilities.

Fair Value Measurement

The fair value of investment, derivatives and equity compensation award liability is remeasured to the estimated fair value at the end of each reporting period.

Investment in PetroTal

The fair value of the Company's investment in PetroTal was estimated to be $31.5 million at June 30, 2021 ($48.3 million at December 31, 2020), based on the closing stock price of PetroTal of $0.29 CAD ($0.25 CAD at December 31, 2020) and the foreign exchange rate at that date. During the six months ended June 30, 2021, the Company sold 44% (109 million common shares) of its interest in PetroTal for cash proceeds net of transaction costs of $14.6 million resulting in a loss on sale of $5.1 million. PetroTal is a publicly-traded energy company incorporated and domiciled in Canada engaged in exploration, appraisal and development of crude oil and natural gas in Peru. PetroTal's shares are listed on the Toronto Stock Exchange Venture under the trading symbol 'TAL' and on the London Stock Exchange Alternative Investment Market under the trading symbol 'PTAL'. Gran Tierra holds approximately 137 million common shares representing approximately 17% of PetroTal's issued and outstanding common shares.

Commodity and Foreign Currency Derivatives

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.

PSUs and DSUs

The fair value of the PSUs liability was estimated based on a pricing model using inputs such as quoted market prices in an active market, and PSUs performance factor. The fair value of DSUs liability is measured using quoted market prices in an active market.

The fair value of investment, derivatives and PSUs and DSUs liability at June 30, 2021, and December 31, 2020, was as follows:

(Thousands of U.S. Dollars)	**As at June 30, 2021**	**As at December 31, 2020**
Investment	**$ 31,525**	$ 48,323
Derivative liability	**$ 26,594**	$ 12,050
PSUs and DSUs liability	**11,753**	4,760
	$ 38,347	$ 16,810

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

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(Thousands of U.S. Dollars)	**2021**	**2020**	**2021**	**2020**
Commodity price derivatives loss (gain)	**$ 21,217**	$ 7,542	**$ 44,849**	$ (10,777)
Foreign currency derivatives loss (gain)	**22**	(1,919)	**88**	3,533
Derivative instruments loss (gain)	**$ 21,239**	$ 5,623	**$ 44,937**	$ (7,244)
Unrealized PetroTal investment loss (gain)	**$ 2,614**	$ (6,216)	**$ (3,861)**	$ 59,069
Loss on sale of PetroTal shares	**—**	—	**5,070**	—
Financial instruments loss	**$ —**	$ 757	—	757
Other financial instruments loss (gain)	**$ 2,614**	$ (5,459)	**$ 1,209**	$ 59,826

Financial instruments not recorded at fair value include the Company's 6.25% Senior Notes due 2025 (the "6.25% Senior Notes") and 7.75% Senior Notes due 2027 (the "7.75% Senior Notes"). At June 30, 2021, the carrying amounts of the 6.25% Senior Notes and the 7.75% Senior Notes were $293.1 million and $291.4 million, respectively, which represented the aggregate principal amount less unamortized debt issuance costs, and the fair values were $267.2 million and $267.4 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 June 30, 2021, the fair value of the investment and DSUs liability was determined using Level 1 inputs, and the fair value of the derivative and PSUs liability was determined using Level 2 inputs.

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 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 in the paragraph above regarding the fair value of cash and restricted cash and cash equivalents and Senior Notes was based on Level 1 inputs and the fair value of credit facility was based on Level 2 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.

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 flows in order to assure it can execute at least a portion of its planned capital spending.

At June 30, 2021, the Company had outstanding commodity price derivative positions as follows:

Period and type of instrument	Volume, bopd	Reference	Sold Put ($/bbl, Weighted Average)	Purchased Put ($/bbl, Weighted Average)	Sold Call ($/bbl, Weighted Average)	Swap Price ($/bbl, Weighted Average)
Three-way Collars: July 1, to December 31, 2021	7,000	ICE Brent	47.14	57.14	68.95	n/a
Swaps: July 1, to December 31, 2021	3,000	ICE Brent	n/a	n/a	n/a	56.75

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. At June 30, 2021, the Company had outstanding foreign currency derivative positions as follows:

Period and type of instrument	Amount Hedged (Millions of 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: July 1, to December 31, 2021	6,000	1,597	COP	3,500	3,630

(1) *At June 30, 2021 foreign exchange rate.*

13. Supplemental Cash Flow Information

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents shown as a sum of these amounts in the interim unaudited condensed consolidated statements of cash flows:

(Thousands of U.S. Dollars)	As at June 30,		As at December 31,	
	2021	2020	2020	2019
Cash and cash equivalents	**$ 19,965**	$ 17,599	$ 14,114	$ 8,817
Restricted cash and cash equivalents - long-term	**3,590**	2,186	3,409	2,258
	$ 23,555	$ 19,785	$ 17,523	$ 11,075

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

	Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2021	2020
Accounts receivable and other long-term assets	**$ 28**	$ 15,475
Derivatives	**6,264**	(2,310)
Inventory	**(1,934)**	(1,533)
Prepaids	**(631)**	(750)
Accounts payable and accrued and other long-term liabilities	**11,991**	(41,487)
Taxes receivable and payable	**11,439**	9,350
Net changes in assets and liabilities from operating activities	**$ 27,157**	$ (21,255)

Changes in non-cash investing working capital for the six months ended June 30, 2021 are comprised of an increase in accounts payable and accrued liabilities of $3.7 million and an increase in accounts receivable of $0.5 million (six months ended June 30, 2020, a decrease in accounts payable and accrued liabilities of $38.7 million and a decrease in accounts receivable of $0.1 million).

The following table provides additional supplemental cash flow disclosures:

	Six Months Ended June 30,	
(Thousands of U.S. Dollars)	2021	2020
Cash paid for income taxes	**$ 7,139**	$ 8,524
Cash paid for interest	**$ 25,659**	$ 23,540
Non-cash investing activities:		
Net liabilities related to property, plant and equipment, end of period	**$ 31,887**	$ 38,708