

COMPLIANCE WITH THE FOREIGN CORRUPT PRACTICES ACT

Policy

It is Gran Tierra Energy Inc.'s ("Gran Tierra") policy to comply with applicable provisions of the Foreign Corrupt Practices Act ("FCPA"). No Gran Tierra employee, agent or entity will offer or pay bribes, directly or indirectly, to any foreign officials in order to obtain or retain business, or receive more favorable treatment of any type from a foreign government.

Purpose

The purpose of this policy is to inform Gran Tierra employees of their responsibility to ensure that Gran Tierra does not violate the FCPA. The FCPA applies to any individual who is a citizen, national, or resident of the United States and any business association that has its principal place of business in the United States or which is organized under the laws of a state or territory of the United States. Gran Tierra can be liable if it authorizes, directs, or participates in bribery activity. Further, US citizens and nationals employed by or acting on behalf of subsidiaries remain subject to the FCPA even if the subsidiary that employs them is not. Accordingly, this policy applies to all employees of Gran Tierra or its subsidiaries and will be distributed to all Gran Tierra employees involved in international transactions.

Standard of Conduct

The anti-bribery provisions of the FCPA prohibit U.S. entities from:

Offering or giving money or anything of value to a foreign official for the purpose of obtaining or retaining business.

Offering or giving money or anything of value to a foreign official for the purpose of obtaining or retaining favorable legislation or regulation or other preferential treatment (*e.g.* relief from import duties).

Offering or giving money or anything of value to a third party while knowing that some or all of the payment will be given or offered to a foreign official in order to obtain any unfair or unlawful preferential treatment.

Definitions

"Knowing"

The FCPA prohibits making payments to third persons, such as agents or contract partners, while "knowing" that some or all of such payments will be given to a foreign official in return for an exercise of influence to help a U.S. company to obtain or retain business. The definition of "knowing" includes an awareness that a result is "substantially certain" to occur or that a "high probability" exists that a certain circumstance will occur or that such circumstance exists. Under this standard, actual knowledge of the actions of a company's agent or partner is not necessarily required. Purposeful ignorance will not shield an individual or a company from prosecution

under the FCPA. Thus, employees may not turn a “blind eye” to activity that appears to violate the FCPA.

“Foreign Official”

“Foreign official” means any officer or employee of a foreign government or governmental department, agency, or instrumentality, and includes any person acting in an official capacity on behalf of a governmental entity. “Foreign official” also includes employees of government-owned corporations, and officials of international organizations, such as the United Nations or World Health Organization. Any doubts about whether a particular person is a government official should be resolved by assuming that the individual involved is a government official for FCPA purposes.

Permissible Payments

Facilitating (“Grease”) Payments

Payments related to the facilitation of routine governmental actions, so-called “grease payments,” do not violate the FCPA. Examples of routine administrative tasks include: provision of common governmental services, such as mail pickup, power and water supply, and processing official papers, such as visa applications or work orders. Routine governmental action will *never* include any decision to award new business to or continue doing business, enter into a contract or continue doing business with a particular company or person.

Threats of Violence

A very narrow exception to the FCPA permits payments that would otherwise violate the Act if the company is the victim of extortion. The government has interpreted extortion to cover only threats of physical violence. Threats of even severe economic harm are not considered extortion under the FCPA. No payments should be made under threat of violence unless expressly approved by the Chief Financial Officer or Chief Executive Officer of Gran Tierra.

Lawful Payments

The FCPA permits payments that are “lawful under the *written* laws and regulations” of the official’s country. The mere absence of written laws prohibiting certain activity does not meet the requirement that the activity be lawful under the written laws. Further, the fact that foreign officials may routinely solicit and receive bribes does not make the payment of such bribes acceptable corporate action or legal under the FCPA.

Payment of Reasonable and Bona Fide Expenses

Companies may also pay bona fide and reasonable expenditures (including travel and lodging) incurred by or on behalf of a foreign official, if the payments are directly related to either (1) the promotion, demonstration or explanation of products or services or (2) the execution or performance of a contract with a foreign government or agency thereof.

FCPA Red Flags

Certain situations arise which may indicate a potential violation of the FCPA. These “red flags” are merely a representative list of the type of transactions to be on the lookout for, that may suggest a potential violation. Employees should always be alert to signs that a transaction is “wrong.”

Payments greater than “normal.” These may be agents’ fees, or payment for goods or services which are more than normal;

Third-party payments. Payments of money to persons outside the normal scope of the transaction. This includes payments made to accounts or persons in third countries. There may be reasonable explanations for making third-party payments, but such reasons must be documented and approved before such payments are made;

Over- invoicing;

Large bonuses;

Lack of standard invoices;

Unusual credits granted to new customers;

Checks drawn to “cash;”

Large and frequent fourth quarter adjustments. There may be legitimate reasons for making such adjustments, but these reasons need to be scrutinized carefully and fully documented.

Selecting International Business Partners

International business partners can be a source of FCPA problems. The following checklist provides an illustrative, but not exhaustive list of ways to evaluate foreign business partners:

Investigate an entity’s reputation within the community;

Conduct a business background check, ensuring that all such background checks are sufficiently documented;

Make inquiries with U.S. Government agencies, especially the Foreign Commercial Service, operating in the business partner’s country;

Make sure that the business partner has experience in the area.

Once a business partner has been selected, it is important that Gran Tierra retain control over the business partner’s activities on the company’s behalf.

FCPA Red Flags for Business Partners

The following are indicators of potential problems with FCPA compliance by foreign agents, business partners and/or distributors (collectively “agents”).

The agent is doing business in a country which previously has had problems with bribery of its officials;

The agent is identified by government officials after negotiations have begun;

The agent has a reputation for paying bribes;

The agent requests higher than market fees or commissions;

The agent requests payment in cash;

The agent requests that payments be made to third parties unconnected to the transaction or to bank accounts in countries other than the country in which the agent is representing the company;

The agent has a “special relationship” to the foreign government (i.e., the agent’s relatives, partners, principals, or staff members are foreign officials or representatives of a foreign government or political party or candidates for political office);

The agent refuses to provide representations on his conduct (such as whether the agent is aware of the FCPA and has taken no action that would violate the FCPA);

The agent requests payment of exorbitant travel and entertainment expenses or gifts for foreign officials, or requests reimbursement of such expenses not approved in advance;

The agent requests authority to make agreements with third parties without Gran Tierra’s approval;

The agent requests that the agreement with Gran Tierra be kept secret;

The agent submits invoices or requests for reimbursement without detail as to services performed, or other substantiation.