

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

BETWEEN:

HER MAJESTY THE QUEEN

- and -

GRIFFITHS ENERGY INTERNATIONAL INC.

AGREED STATEMENT OF FACTS

Pursuant to the provisions of Section 655 of the *Criminal Code of Canada*, the following numbered paragraphs contain facts, which are alleged by the Crown and admitted by the accused, **GRIFFITHS ENERGY INTERNATIONAL INC.** The parties hereby admit the following:

THE CHARGE:

Between the 30th day of August, 2009 and the 9th day of February, 2011, at or near the City of Calgary, in the Province of Alberta, Griffiths Energy International Inc. did, in an attempt to obtain or retain an advantage in the course of business, directly or indirectly provide a reward, advantage or benefit to a person for the benefit of a foreign public official to induce the official to use his position to influence any acts or decisions of the foreign state for which the official performs duties or functions, contrary to section 3(1)(b) of the *Corruption of Foreign Public Officials Act*.

Summary:

1. The accused, Griffiths Energy International Inc., (hereinafter referred to as "GEI") is a privately held corporation. GEI operates with a head office in Calgary, Alberta, Canada and has a number of wholly-owned subsidiaries through which it conducts its oil and gas activities in Chad, including Griffiths Energy (Chad) Limited.
2. The allegation contained herein is that GEI directly agreed to provide, and indirectly provided, improper benefits to a Chadian public official in order to further the business objectives of GEI and its subsidiaries.
3. It is agreed by the parties that this Court has jurisdiction over this offence by reason of the fact that there is a real and substantial link between Canada and offence and that the facts of this case legitimately give Canada an interest in prosecuting the offence.
4. The acts alleged to have been committed by GEI are as follows:

GEI - Overview

5. GEI is a privately held Calgary based international exploration and development company now solely focused on oil and gas activities in the Republic of Chad, Africa.
6. GEI was incorporated in August, 2009 by Canadian financier and investment banker Brad Griffiths, along with two other founding shareholders, brothers Naeem Tyab and Parvez Tyab. Prior to the incorporation of GEI, Mr. Griffiths and the Tyabs had been pursuing block acquisition opportunities in Chad and other countries through Mogul Energy International Inc. (hereinafter referred to as "Mogul") since mid-2008, and subsequently through Griffiths Energy and Resources Inc. (hereinafter referred to as "GEAR") since early 2009.

7. Effective July 1, 2011, an entirely new management team was hired to manage GEI and several new independent Directors were appointed.
8. Brad Griffiths remained Chairman of GEI until he passed away in a boating accident on July 18, 2011.
9. GEI's head office was initially located in Toronto, Ontario and relocated thereafter to Calgary, Alberta and is currently located at Suite 2100, 555 - 4th Ave SW, Calgary, Alberta.
10. In January 2011, GEI's subsidiary, Griffiths Energy (Chad) Limited, entered into the Doseo/Borogop Production Sharing Contract with the Republic of Chad (hereinafter referred to as the "PSC"). The PSC provides GEI with the exclusive right to explore and develop oil and gas reserves and resources in the Borogop and Doseo blocks in southern Chad, subject to the terms and conditions of the PSC.

Initial Pursuit of Blocks in Chad

11. Between June 2008 and November 2008, Mr. Griffiths and Naeem Tyab made initial inquiries about acquiring blocks in Chad and established contacts with the Chadian Embassy. Because Chad has no Embassy located in Canada, Chad's Ambassador to Canada, Mahamoud Adam Bechir, (hereinafter referred to as "the Ambassador") resides in Washington, DC. He is also the Ambassador to the United States, Brazil, Argentina and Cuba.
12. Through the Embassy, a formal introduction to Mogul was made to Chad's then Minister of Petroleum and Energy.
13. As part of Mogul's pursuits in Chad, Mr. Griffiths engaged a Canadian law firm to assist in establishing relationships in Chad.

14. Following a series of such contacts, Mr. Griffiths' company was invited to visit Chad to negotiate an agreement with the Ministry of Petroleum and Energy.

First Offers for Blocks in Chad

15. In early 2009, Mr. Griffiths and the Tyabs began pursuing opportunities in Chad through GEAR. GEAR prepared a draft proposal to acquire blocks in Chad in April 2009, and Mr. Naeem Tyab travelled to Chad in late May 2009 to meet with high-level Chadian government officials, including within the Ministry of Petroleum and Energy. By this time, Chad had appointed its second Minister of Petroleum and Energy since 2008. Accompanying Mr. Tyab was outside counsel.
16. GEAR's proposal provided for a two million U.S. dollar (USD \$2,000,000) signature bonus to secure the Borogop, Doseo and Lake Chad blocks. A signature bonus is an upfront payment made to the host government as part of the monetary commitments made by the interested party in exchange for the exclusive rights to the block. GEAR's draft proposal was not signed and Mr. Tyab was advised by Ministry officials that the offered signature bonus was too low.
17. On June 13, 2009, Mr. Griffiths, with the assistance of outside legal counsel, sent a letter to Chad's Minister of Petroleum and Energy, thanking him for the May 2009 meetings in Chad, apologizing for the low signature bonus offer, and reiterating GEAR's interest in the Doseo block.
18. Included with the June 13, 2009 letter was a letter of intent from GEAR to the Ministry offering a ten million U.S. dollar (USD \$10,000,000) signature bonus for the Doseo and Borogop blocks, a substantial increase over the initial two million dollar offer.

2009 Consulting Agreements and Founders Shares

19. In early August 2009, Mr. Griffiths created the accused company, GEI, to pursue the blocks in Chad and engaged outside legal counsel to draft a memorandum of understanding and consulting agreement relating to the Doseo and Borogop blocks.
20. The final version of the above-noted consulting agreement dated August 30, 2009 was signed by Mr. Naeem Tyab on behalf of GEI and the Ambassador on behalf of an entity called Ambassade du Tchad LLC, a company registered in the state of Maryland, incorporated on October 2, 2007, and wholly-owned by the Ambassador. The consulting agreement provided for a two million U.S. dollar (USD \$2,000,000) fee payable to the consultant (Ambassade du Tchad LLC) if GEI was awarded the Doseo and Borogop blocks on or before December 31, 2009 or some other date mutually agreed by the parties. The services to be provided under the consulting agreement by the consultant were generally described as providing advisory, logistics, operational and other assistance with respect to implementing GEI's oil and gas projects in Chad.
21. In early September 2009, GEI's outside legal counsel advised Naeem Tyab that the Ambassador was a government official and that GEI could not make an offer or give an advantage or do anything directly or indirectly with him. The agreement was terminated and no payments were made by GEI pursuant this agreement.
22. On September 15, 2009, a second consulting agreement, with identical terms to that described in paragraph 20 above, was entered into between GEI and an entity named Chad Oil Consulting LLC (hereinafter referred to as "COCL"). COCL is a company incorporated in Nevada on September 10, 2009 and wholly-owned by Ms. Nouracham Niam (hereinafter referred to as "Ms. Niam"). Ms. Niam is the wife of the Ambassador. Mr. Naeem Tyab signed this agreement on behalf of GEI and Ms. Niam signed on behalf of COCL.

23. Also on September 15, 2009, a subscription agreement associated with the grant of 1,600,000 founders shares in GEI to Ms. Niam was signed by Ms. Niam. The subscription agreement was accompanied by a Western Union payment for the share price, then \$0.001 per share in Canadian dollars for a total of CAD \$1,600. GEI countersigned these agreements on September 24, 2009.
24. Concurrent with the granting of shares to Ms. Niam, two other individuals nominated by Ms. Niam were given the opportunity to purchase a total of 2,400,000 founders shares. Ikram Saleh was permitted to purchase 800,000 shares and Adoum Hassan purchased 1,600,000 shares in GEI. Ikram Saleh is the wife of Youssouf Takane who at the relevant time was the Deputy Chief of the Chadian Embassy in Washington, D.C. Ms. Niam subsequently took steps in an effort to have Adoum Hassan's shares transferred into her company's, and then her personal account. She attempted to do so by using a Power of Attorney granted to her husband, the Ambassador, which purported to give him authority over Adoum Hassan's shares.
25. The Subscription Agreements to purchase shares on behalf of Ms. Niam, Ikram Saleh and Adoum Hassan state that in each case, the purchaser had income in excess of \$200,000 in each of the most recent two years predating the purchase. Based upon statements provided by these three individuals during the course of the internal investigation conducted by GEI, none stated having the income declared in their Subscription Agreements.
26. In all three cases, the subscriptions were part of the founders' seed round, in which a total of 40 million shares were issued. All founders received shares at the same price of \$0.001 per share.

Signing of the MOU

27. Ms. Niam scheduled a meeting of high-level officials from both GEI and the Government of Chad in Washington, DC for September 24, 2009. The purpose of the meeting was to sign a memorandum of understanding (hereinafter referred

to as the "MOU") in relation to the Doseo and Borogop blocks. However this did not ultimately occur at the meeting.

28. On October 26, 2009, the MOU was signed by Mr. Naeem Tyab on behalf of GEI and the Minister of Petroleum and Energy on behalf of the Government of Chad. The MOU allowed GEI ninety days to study and conduct due diligence on the Doseo and Borogop blocks once the Ministry had provided all the data concerning those two blocks. It also provided that a signature bonus was to be agreed upon as a part of an agreement allowing GEI to explore for and produce oil, if concluded. GEI spent considerable effort during the course of the rest of the year acquiring and analyzing data on the blocks from the Ministry. In the first three months of 2010, planned trips to Chad to negotiate with the Ministry were repeatedly delayed.
29. In March 2010, a third new Minister of Petroleum and Energy since 2008 was appointed to the position. A meeting between GEI and the new Minister was held in late April 2010 in Chad, but due to the Minister's ongoing position that the Doseo block be subdivided, no agreement on an oil contract could be reached.
30. On September 30, 2010, Chad changed its long-held tax/royalty regime for oil concessions to a new legal regime which required companies to enter into a production sharing contract with predetermined economic terms for royalties and production sharing with the State. According to the then Minister of Petroleum and Energy, the granting of a production sharing contract was subject to a transparent three-step process where no one individual would have the authority to grant a production sharing contract. The new process involved the following steps: first, the Ministry of Petroleum and Energy makes a recommendation to the Council of Ministers (cabinet). Second, the Council of Ministers approves and refers the matter to the National Assembly. And third, the National Assembly approves the production sharing contract and the President signs it into law. In the event the National Assembly is not in session, the President may approve the contract by decree subject to later review by the National Assembly.

31. According to the Minister, the Ambassador neither has nor had any role or influence in the ultimate granting of a production sharing contract.
32. In November 2010, Mr. Griffiths increased the size of the offered signature bonus to twenty million U.S. dollars (USD \$20,000,000) which led to an invitation from the Ministry to finalize negotiations in connection with the October 2009 MOU. A negotiation session was held on December 23, 2010 and resulted in a new MOU being signed which included a signature bonus amount of forty million U.S. dollars (USD \$40,000,000).

2011 Consulting Agreement and Signing of the PSC

33. In January 2011, GEI engaged new external legal counsel and transferred the PSC-related documents for review.
34. On January 4, 2011, GEI instructed new external legal counsel to either extend or redo the original consulting agreement referred to in paragraph 22²⁰ above. Attached to these instructions from Mr. Naeem Tyab was the signed consulting agreement with Ambassade du Tchad LLC in PDF version. A week later, on January 11, 2011, GEI's former President emailed outside counsel further instructions regarding the consulting agreement requesting that they prepare an agreement with COCL and again attaching the signed PDF version of the Ambassade du Tchad LLC consulting agreement. Later that same day, GEI's former President sent outside counsel editable Word versions of the consulting agreement, however none of these Word versions identified the counterparty as Ambassade du Tchad LLC.
35. Outside counsel amended the Word version of the consulting agreement in accordance with GEI's instructions, and drafted an escrow agreement whereby the law firm would hold the \$2 million U.S. dollar consulting fee owed to COCL under the consulting agreement in escrow until the conditions had been satisfied.
36. Mr. Naeem Tyab on behalf of GEI, and Ms. Niam on behalf of COCL, signed the renewed consulting agreement in mid-January 2011, which was substantially the

same as the original COCL consulting agreement signed in 2009 which expired with no payment, with only minor changes to the description of the services to be provided by the consultant. The agreement was dated January 1, 2011.

37. GEI and its outside legal advisors then travelled to Chad to complete the negotiations for the PSC with the Ministry. The PSC was signed by Griffiths Energy (Chad) Limited and the Ministry of Petroleum and Energy on January 19, 2011. The final terms included a \$40 million U.S. dollar signature bonus payable to the Government of Chad.
38. On February 7, 2011, outside counsel confirmed receipt of the \$2 million U.S. dollar payment from GEI owed to COCL under the consulting agreement. The next day, COCL received payment of the \$2 million fee from outside counsel. The directions concerning the banking information for the deposit of the funds were received by GEI from Youssouf Takane, the Deputy Chief of the Chadian Embassy in Washington, D.C. The funds were deposited into COCL's bank account at Branch Banking and Trust Company, 1909 K Street NW, Washington D.C., USA.

Conclusion on the Elements of the Offence

39. GEI acknowledges that, having entered into the agreements described above, even those pursuant to which no compensation was actually paid, and having agreed to provide a direct and indirect benefit, and having provided indirect benefits to a foreign public official to attempt to induce the official to use his position to influence decisions of the foreign state for which he performs duties and functions, it is responsible under Canadian criminal law principles for these acts.

Full and Extensive Cooperation with Authorities

40. Between July 1, 2011 and August 1, 2011, an entirely new management team was hired within GEI. In addition, between July 1 and September 2, 2011, six

new independent Directors were appointed to the GEI Board of Directors. No current member of GEI's management team or board of directors was involved with or knowledgeable about the consulting agreements that are at issue in this case.

41. GEI's current board and management were made aware of these agreements in the course of conducting due diligence in anticipation of its Initial Public Offering ("IPO") which was due to take place prior to December 31, 2011. Immediately upon learning of the existence of these agreements, a Special Committee comprised entirely of the independent members of GEI's board of directors ("the Special Committee"), was created. The Special Committee engaged independent and specialized legal counsel at Gowling Lafleur Henderson LLP ("Gowlings") to conduct an internal investigation into all consulting agreements and transactions. In turn, Gowlings then engaged forensic accounting experts from KPMG LLP and other consultants to assist with the investigation. The Special Committee gave Gowlings a broad mandate to conduct a robust, credible and independent investigation into not only the circumstances surrounding the consulting agreements and share issuance in question, but also any other information relating to any other potential improper payments by GEI. The Special Committee requested daily updates for approximately the first month of the internal investigation and then less frequent but still regular updates thereafter. At all times, the Special Committee, as well as GEI's entire Board and management team, remained fully knowledgeable, engaged and cooperative in the internal investigation.
42. In the course of the investigation, Gowlings collected and reviewed hundreds of thousands of pages of hardcopy and electronic records, and interviewed (and in some cases re-interviewed) 31 individuals, including current and former GEI employees, third party consultants, external lawyers, and current and former government officials in Chad.

43. Commencing as early as November 15, 2011, GEI disclosed the existence of this issue and the details and methodology of Gowlings' internal investigation to representatives of the Public Prosecution Service of Canada ("PPSC") and Alberta Justice. Similarly, this matter was voluntarily self disclosed to law enforcement authorities in the United States on November 21, 2011. Over the course of the next several months, GEI also made contact with the Royal Canadian Mounted Police ("RCMP") and provided the RCMP with all of the details of Gowlings' investigation including notes and/or transcripts of all interviews conducted, copies of relevant electronic and hardcopy documents including email communications, and information about the oil and gas industry in Chad generally. Legal counsel for GEI spoke to and met with representatives with the RCMP on dozens of occasions.
44. GEI also took the extraordinary step of sharing the content of legally privileged communications between GEI and its former outside legal advisors.
45. The degree of cooperation provided by GEI through its voluntary disclosure and investigation of this matter was full and extensive. Such cooperation has required that senior management who were not involved in the transaction in question take a very active role in the investigative process. Hundreds of management hours were spent on the investigation.
46. Hard costs paid to GEI's legal and accounting advisors on the internal investigation currently stand at CAD \$5.0 million.
47. As a result of the internal investigation and GEI's decision to voluntarily self-report this matter to law enforcement authorities, GEI made the further decision to withdraw its IPO, causing GEI to write off approximately CAD \$1.8 million in sunk pre-IPO expenses related to legal, marketing and printing costs, and causing GEI to incur significantly higher costs of capital through private placements in order to be able to continue its operations.

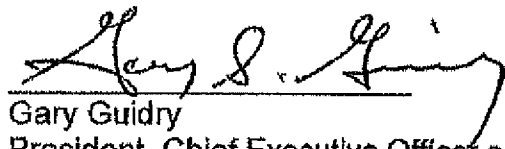
48. In addition to the significant cooperation described above, GEI has also committed to cooperate with and assist the Crown in other processes or legal remedies that the Crown may pursue that are relevant to this matter.

Amount of the Fine

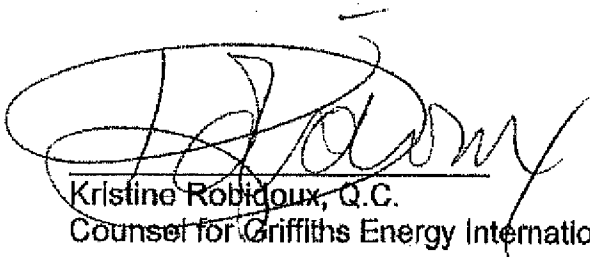
49. As part of the sentencing agreement in this case, the total fine to be imposed has been agreed upon in the amount of \$9,000,000, plus the 15% victim fine surcharge, for a total amount of \$10,350,000.
50. The fine reflects that GEI made these payments in order to persuade the Ambassador to exercise his influence to assist GEI entering Chad. The Crown is not alleging and GEI is not admitting that any influence was actually realized.
51. GEI agrees that the total amount of the fine would not impact the continued economic viability of GEI.
52. It is also agreed that the sentence imposed appropriately reflects the degree of planning, duration and complexity of the offence. It further reflects that GEI did not attempt to conceal its assets or convert them to show that it was unable to pay the fine.
53. In addition, the sentence imposed takes into consideration steps already taken by GEI to reduce the likelihood of it committing a subsequent related offence. Those steps include the adoption of a robust anti-corruption compliance program and the strengthening of existing internal controls, many of which steps were already initiated by GEI's new management and well underway at the time these transactions were discovered by GEI.
54. In addition, the sentence takes into consideration the fact that GEI has never been convicted of a similar offence nor has it been sanctioned by a regulatory body for a similar offence.

55. The fine also takes into consideration the full and extensive cooperation shown by GEI in bringing this matter to the attention of authorities and disclosing the detailed findings of its comprehensive internal investigation.
56. This sentencing agreement also takes into consideration the fact that GEI agreed to enter a plea prior to charges being formally laid, and that GEI has agreed to enter into a guilty plea without the requirement of a preliminary hearing or trial.
57. Finally, the sentence reflects the agreement of counsel for GEI, as well as the Crown, and reflects the consideration of all of the relevant factors for sentencing under both the *Corruption of Foreign Public Officials Act* as well as the *Criminal Code of Canada*.

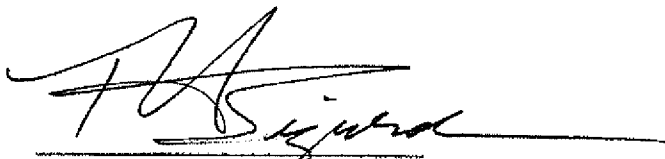
DATED at the City of Calgary, in the Province of Alberta, this 14 day of January, 2013.



Gary Guidry
President, Chief Executive Officer and Director of Griffiths Energy International Inc.



Kristine Robidoux, Q.C.
Counsel for Griffiths Energy International Inc.



Robert Sigurdson
Public Prosecution Service of Canada