

**COMPTON PETROLEUM CORPORATION
AUDIT, FINANCE & RISK COMMITTEE**

CHARTER

MANDATE OF THE COMMITTEE

The Audit, Finance & Risk Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Compton Petroleum Corporation (the “**Company**”) shall, as permitted by the *Business Corporations Act* (Alberta) (the “**ABCA**”) and the Articles and By-Laws of the Company, have the responsibility to oversee that management has applied due diligence in creating and maintaining an effective risk management and control framework. This framework should provide reasonable assurance that the financial, operational and regulatory objectives of the Company are achieved and that the statutory responsibilities of the Board are discharged. The Committee fulfils its role on behalf of the Board, by overseeing:

1. the integrity of the Company’s financial information and accounting, financial reporting encompassing the financial statements and the MD&A (as hereinafter defined) and auditing processes;
2. the internal and external auditors’ qualifications, independence and performance;
3. the audit process;
4. the Company’s compliance with legal and regulatory requirements; and
5. risk management, management information systems, governmental legislation and external business of the Company.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, to determine that the Company’s financial statements are complete, accurate and in accordance with generally accepted accounting principles, or to certify the Company’s financial statements. Management is responsible for preparing the Company’s financial statements and the Company’s external auditor is responsible for auditing the annual financial statements and for reviewing the interim financial statements. The Committee shall, however, assist the Board in overseeing that management and the external auditor fulfill their responsibilities in the Company’s financial reporting process.

The Committee has the authority to obtain independent outside accounting and other advisors as deemed appropriate to perform its duties and responsibilities. The Company shall provide appropriate funding to compensate the external auditor and any advisors that the Committee chooses to engage. The Committee is authorized to communicate directly with the external auditor to discuss and review specific issues as necessary.

The Committee will primarily fulfil its responsibilities by carrying out the activities enumerated in the following sections of this Charter. The Committee will report regularly to the Board regarding the execution of its duties and responsibilities.

In fulfilling its mandate, the Committee has the responsibility to, without limitation:

(A) Internal and Disclosure Controls

1. review the effectiveness and integrity of the Company's system of disclosure controls and system of internal controls regarding finance, accounting, compliance and ethics, that management and the Board have established and review the degree of coordination between such system and that of the external auditors;
2. review the evaluation of internal controls by the external auditor with management and the Company's subsequent follow-up to any identified weaknesses;
3. recommend, in conjunction with the Corporate Governance, Human Resources & Compensation Committee of the Board, the appointment of the Chief Financial Officer;
4. determine the appropriate resolution of conflicts of interest in respect of audit, finance and risk matters, properly directed to the Committee;
5. review with management and the external auditor:
 - (a) in conjunction with the report of the external auditor, the Company's audited annual financial statements and the annual management's discussion and analysis of financial conditions and results of operations ("MD&A"), and quarterly financial statements, including related footnotes and MD&A and press releases on quarterly financial results,
 - (b) the significant accounting judgments and reporting principles, practices and procedures applied by the Company in preparing its financial statements including any newly adopted accounting policies,
 - (c) significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit,
 - (d) the co-operation received by the external auditor during the audit, including access to all requested records, data and information,
 - (e) any correspondence with regulatory or governmental authorities which raises material issues regarding the Company's financial statements or accounting policies, and
 - (f) any other matters not described above that are required to be communicated by the external auditors to the Committee pursuant to applicable law and regulation;

6. obtain an explanation from management of all significant variances between comparative reporting periods;
7. review and recommend for approval by the Board, all documents to be publicly disclosed, prior to their release, which contain audited or unaudited financial information. Such documents include any prospectuses, interim unaudited financial statements, year end audited financial statements, the annual report, the annual management proxy circular, the annual information form, all press releases and disclosures made under MD&A;
8. review with management the procedures that exist for the review of financial information extracted or derived from financial statements which is publicly disclosed by the Company other than in the documents listed in section 7 above and periodically, at least annually, assess the adequacy of those procedures, as required by Multilateral Instrument 52-110, section 2.3(6), as amended or replaced from time to time;
9. review with management and the external auditor all off-balance sheet financing mechanisms being used by the Company, their risks and the clear disclosure of those risks and all other material financial risks to the Company's business;
10. discuss with the Company's legal counsel, at least annually, legal and regulatory matters that may have a material impact on the financial statements including any litigation, claim or contingency;
11. review with the Chief Financial Officer and the Chief Executive Officer of the Company their respective disclosures made to the Committee during the certification process as required by National Instrument 52-109, as amended or replaced from time to time, and in addition:
 - (a) any significant deficiencies or material weaknesses in the design or operation of internal controls,
 - (b) any fraud involving management or other employees who have a significant role in the Company's internal controls,
 - (c) any other obligations arising from certification, and
 - (d) any significant changes in the internal controls;
12. review with management, internal audit and the external auditor and as required by the Corporate Governance, Human Resources & Compensation Committee, the Company's Code of Business Conduct and Ethics;
13. establish and maintain procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding the Company's accounting, internal accounting controls or auditing matters, and
 - (b) the confidential and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters, and review all matters relating thereto; and
14. review with management the details of all transactions between the Company and parties related to the Company.

(B) Oversight of the Internal Auditor

- 1. review the audit plans of the internal auditors of the Company including the degree of coordination between such plan and that of the external auditors and the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control, fraud or other illegal acts;
- 2. review the significant findings prepared by the internal auditing department and recommendations issued by the Company or by any external party relating to internal audit issues, together with management's response thereto;
- 3. appropriate review of compliance with the Company's policies;
- 4. review the adequacy of the resources of the internal auditor to ensure the objectivity and independence of the internal audit function, including reports from the internal audit department on its audit process;
- 5. ensure the internal auditor has access to the Chair of the Audit, Finance and Risk Committee and such chair meet separately with the head of internal audit to review any problems or difficulties that may have been encountered and specifically:
 - (a) any difficulties which were encountered in the course of the audit work, including restrictions on the scope of activities or access to required information, and any disagreements with management;
 - (b) any changes required in the planned scope of the internal audit; and
 - (c) the internal audit department responsibilities, budget and staffing;and to report to the Board on such meetings;
- 6. review and concur in the appointment, compensation, replacement, reassignment, or dismissal of the head of internal audit.

(C) Oversight of the External Auditor

- 1. recommend to the Board and to the Shareholders the nomination of the external auditor, who shall be an acceptable auditor for purposes of section 3.3 of National

Instrument 52-107, as amended or replaced from time to time, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company;

2. review the qualifications and independence of the external auditor during each financial year;
3. review and evaluate the external auditors, including the lead partner of the external audit team;
4. monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor;
5. at least annually, obtain and review a report by the independent auditor describing the firm's internal quality control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company;
6. maintain a clear understanding with the external auditor that it is to have an open and transparent relationship with the Committee and that it is to report directly to the Committee;
7. provide a scheduled opportunity to meet with the external auditor for full, frank and timely discussions of all material issues, without management present;
8. discuss with the external auditor the scope and timing of the audit work with particular reference to high risk areas or areas of Board concern;
9. recommend to the Board the compensation to be paid to the external auditors for audit services;
10. inquire as to whether the audit partner receives compensation based on the audit partner procuring engagements to provide services other than audit, review or attest services to the Company;
11. review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instruments 51-102, on a routine basis, whether or not there is to be a change of external auditor;
12. review all issues and documentation related to a change of external auditor, including information to be included in the Change of Auditor Notice and documentation called for under National Instrument 51-102, as amended or replaced from time to time, and the planned steps for an orderly transition period;

13. appropriately supervise and evaluate the performance of the external auditor and lead audit partner, and report conclusions to the Board;
14. review and approve the Company's hiring policies regarding partners, employees, former partners and former employees of the current and previous external auditors of the Company;
15. oversee the rotation of audit partners as required by applicable regulation and, in order to ensure continuing auditor independence, consider annually whether it is appropriate to adopt a policy of rotating the Company's external auditing firm on a regular basis;
16. pre-approve the retention of, and fees for, all audit, review, attestation and significant non-audit services provided by the external auditor, prior to engagement, and disclose such pre-approvals in accordance with applicable securities law;
17. consider the effect of significant non-audit engagements on the independence of the external auditor; and
18. provide to the external auditor any information and explanations, and access to records, documents, books, accounts and vouchers of the Company that are, in the opinion of the external auditor, necessary to make the examinations and reports required under legislation or regulation.

(D) Oversight of Financial Reporting and Accounting Policies

1. review with management, internal audit and the external auditor significant financial reporting issues arising during the fiscal period and the methods of resolution;
2. prior to the issuance of the external auditor's report on the Company's financial statements, discuss the following with the external auditor:
 - (a) all critical accounting policies and practices applied in the financial statements,
 - (b) all alternative accounting and disclosure treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternate treatments and disclosures, and the treatment preferred by the external auditor, and
 - (c) other material written communications between the external auditor and management, such as the post audit or management letter and schedule of unadjusted differences;
3. inquire of the external auditor as to the quality of the Company's accounting estimates, discussing significant judgments made in connection with the preparation of the financial statements;

4. review with management any proposed changes in major accounting policies, the impact and clear disclosure of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
5. prepare such reports and letters or other disclosure documents as are required to be prepared by the Committee under applicable securities legislation; and
6. review any notice received by the Committee with respect to an error or misstatement of which a director or officer becomes aware.

(E) Additional Duties and Responsibilities

1. review the appointments of any key financial executives who are involved in the financial reporting process;
2. review derivative and hedging policies of the Company and make recommendations to the Board in respect of financial transactions entered into pursuant to such policies mitigating risk with respect to commodity prices, interest rates and foreign exchange;
3. review risk assessment and risk management policies. Such review should include the Company's major financial and accounting risk exposures, the steps management has undertaken to control them, and the clear disclosure of such material risks as part of the Company's continuous disclosure requirements; and
4. review the amount and terms of any insurance to be obtained or maintained by the Company, including insurance with respect to potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.

(F) General

The Committee also has the responsibility to:

1. retain and compensate independent advisors (including legal counsel), as deemed necessary by the Committee;
2. meet separately with senior management, employees or independent advisors in respect of audit, finance and risk matters, as deemed necessary by the Committee;
3. review and assess annually the adequacy of this Charter and recommend any approved changes to the Corporate Governance, Human Resources & Compensation Committee and the Board;
4. annually evaluate the performance of the Committee and Committee Chair;
5. prepare the Committee's report or reports for publication in applicable disclosure documents;

6. report regularly to the Board through the Chair of the Committee or through such other person appointed by the Committee the conclusions reached and issues considered by the Committee;
7. fulfill its responsibilities and duties by:
 - (a) inspecting any and all of the books, records and financial affairs of the Company, its subsidiaries and affiliates; and
 - (b) meeting with any executive or employee of the Company with or without management to review such accounts, records and other matters as any member of the Committee considers necessary and appropriate;
8. review when deemed necessary by the Committee any of the financial affairs of the Company, its subsidiaries or affiliates and make recommendations to the Board, to the external auditor, or to management, as appropriate;
9. consider and make recommendations to the Board with respect to any matters properly referred to the Committee by the Board;
10. perform any other activities consistent with this Charter as the Committee deems necessary or appropriate in order to carry out its mandate.

(G) Complaints

1. anyone may submit a whistle blower notice or complaint regarding conduct by the Company or its subsidiaries or their respective employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The treatment of such complaints shall be handled and overseen in accordance with the Company's Whistle Blower Policy;

COMPOSITION OF THE COMMITTEE

1. The Committee shall be comprised of at least three directors.
2. Each member of the Committee shall be "independent" as affirmatively determined by the Board, and as defined in the Company's Standards of Independence attached to the Charter of the Board of Directors.
3. At least half of the members of the Committee must be resident Canadians, as that term is defined in the ABCA.
4. The Board shall appoint the members of the Committee at the first meeting of the Board following each annual meeting ("**Annual Meeting**") of the shareholders of the Company.
5. The Board shall appoint one member of the Committee to be the Chair of the Committee.

6. A director appointed by the Board to the Committee shall be a member of the Committee until the next Annual Meeting or until his or her earlier resignation or removal by the Board. A member shall cease to be a member of the Committee upon ceasing to be a director of the Company.
7. The Board may remove or replace any member of the Committee at any time.
8. The Company's Corporate Secretary, or in his or her absence, one of the persons present and chosen by the Committee shall be the Secretary of the Committee.
9. Members of the Committee may not serve on the audit committee of more than two additional public companies without the prior approval of the Board.
10.
 - (a) Each member of the Committee shall be financially literate. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements;
 - (b) A Committee member who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment; and
 - (c) At least one member of the Committee shall have accounting or related financial management expertise and, where possible, at least one member of the Committee shall qualify as an "audit committee financial expert" within the meaning of applicable securities legislation.

MEETINGS OF THE COMMITTEE

1. The Committee shall convene at such times and places designated by the Chair of the Committee, at least on a quarterly basis, and whenever a meeting is requested by the Board, a member of the Committee, the external auditor, or a senior officer of the Company. The Committee shall meet in separate sessions with management and the external auditor at each regularly scheduled meeting.
2. Notice of each meeting of the Committee shall be given to each member and to the external auditor, who shall be entitled to attend each meeting of the Committee.
3. Notice of a meeting of the Committee shall:
 - (a) be in writing (which may be communicated by electronic facsimile or other communication facilities),
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail,

- (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting, and
 - (d) be given at least 24 hours preceding the time stipulated for the meeting however, this may be waived by agreement of all members of the Committee in writing.
- 4. A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee.
- 5. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permit all persons-participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at that meeting.
- 6. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting and, in the absence of the Secretary of the Committee; the members shall choose one of the persons present to be the Secretary of the meeting.
- 7. Management of the Company may attend meetings of the Committee as deemed appropriate by the Committee, and shall attend meetings of the Committee when requested to do so by the Committee.
- 8. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chairman and Secretary of the meeting. The minutes shall be maintained with the Company's records, shall include copies of all resolutions passed at each meeting, and shall be available for review by members of the Committee, the Board, management and external auditor.

ROLE OF THE CHAIR

- 1. The Board shall appoint a Chair of the Committee who shall:
 - (a) review and approve the agenda for each meeting of the Committee and as appropriate, consult with members of management;
 - (b) preside over meetings of the Committee;
 - (c) make suggestions and provide feedback from the Committee to management regarding information that is or should be provided to the Committee; and
 - (d) report to the Board on the activities of the Committee relative to its recommendations, resolutions, actions and concerns.