

COMPTON PETROLEUM CORPORATION

**DISCLOSURE, COMMUNICATIONS AND
INSIDER TRADING POLICY**

ADOPTED AS OF JANUARY 1, 2004.

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COMPTON PETROLEUM CORPORATION

DISCLOSURE, COMMUNICATIONS AND INSIDER TRADING POLICY

PURPOSE OF THE POLICY

Compton Petroleum Corporation has publicly traded securities and, therefore, must comply with certain legal and regulatory requirements regarding the public disclosure of **material** information and its directors, officers, employees and other insiders must comply with insider trading and reporting requirements. In this Policy, "**Compton**" means, collectively, Compton Petroleum Corporation and all of its affiliates and subsidiaries.

The purpose of this Policy is to:

- provide the market with full, true and plain disclosure of information regarding public companies to allow investors to make informed investment decisions;
- prevent insiders of public companies from unfairly benefiting from inside information; and
- avoid even the appearance of improper conduct on the part of anyone employed or associated with Compton with respect to such matters.

APPLICATION OF POLICY

This Policy applies to all directors, officers, employees and other insiders of Compton.

CONSEQUENCES OF NON-COMPLIANCE WITH POLICY

Failure to comply with this Policy may result in severe consequences, which could include civil and criminal penalties and internal disciplinary action or termination of employment.

If you have any questions about how this Policy should be followed in a particular case, please contact Compton's General Counsel & Corporate Secretary at (403) 237-9400, or another member of the Disclosure Committee.

DISCLOSURE COMMITTEE

Management of Compton has established a Disclosure Committee, which is responsible for overseeing Compton's disclosure practices and procedures. The members of the Disclosure Committee are:

- President & Chief Executive Officer;
- Vice President, Finance & Chief Financial Officer; and
- Vice-President, General Counsel & Corporate Secretary.

It is essential that the Disclosure Committee be kept fully apprised of all pending and potentially material Compton developments in order to be able to determine the appropriateness and timing of the public disclosure of those developments. If it is determined that the information should and may remain confidential, the Disclosure Committee will determine how the confidentiality of that information will be maintained.

The Disclosure Committee will:

- set benchmarks for a preliminary assessment of the materiality of information and will determine when developments justify public disclosure;
- review and approve all material Compton disclosure documents;
- monitor, evaluate and revise, as necessary, procedures for the conduct of Compton's annual review of disclosure controls and procedures, as well as the quarterly review of disclosure control procedures;
- review and update this Policy on an annual basis or as needed to ensure compliance with changing legal and regulatory requirements;
- meet as required and report to Compton's Governance and Compensation Committee of the Board of Directors (the "**Board**") on at least an annual basis; and
- assist Compton's Audit, Finance and Risk Committee in reviewing all of Compton's financial statements, management's discussion and analysis, and annual and interim earnings press releases before this information is publicly disclosed.

PRINCIPLES OF PUBLIC DISCLOSURE OF MATERIAL INFORMATION

All **material** information will be publicly disclosed by Compton, except in the limited circumstances permitted by this Policy.

Compton will not selectively disclose any **material** information, including any report that operating or earnings results will be materially below or above publicly held expectations, unless the information has been publicly disclosed by news release or other appropriate means.

Material Information

In general, information is "**material**" if a reasonable investor would consider it important in making an investment decision regarding Compton's publicly traded securities. Information about Compton is not likely to be material, however, if the public dissemination of that information would not reasonably be expected to have a significant impact on the market price or value of Compton's publicly traded securities.

Set forth below are examples of the types of events or information which may be material. This list is not exhaustive and any questions concerning the materiality of an issue should be directed to a member of the Disclosure Committee.

Changes in Corporate Structure

- changes in share ownership that may affect control of Compton
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in Capital Structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in Compton's dividend policies
- the possible initiation of a proxy fight
- material modifications to rights of security holders

Changes in Financial Results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of Compton's assets
- any material change in Compton's accounting policy

Changes in Business and Operations

- any development that affects Compton's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts or significant losses of contracts
- significant discoveries
- changes to the Board or executive management
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of Compton's securities or their movement from one quotation system or exchange to another

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

Changes in Credit Arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of Compton's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements.

In determining whether certain information is material, a number of factors should be taken into account, including:

- nature of the information;
- volatility of Compton's securities; and
- prevailing market conditions.

Non-Public

Material information is "**non-public**" if it has not been disseminated in a manner making it available to investors generally. Directors, officers and employees of Compton should assume that any **material** information that has not been publicly disclosed for at least two business days pursuant to this Policy is still non-public.

Any person who is uncertain as to whether particular information is non-public should contact a member of the Disclosure Committee.

Disclosure Principles

Compton will adhere to the following basic disclosure principles:

- **Material** information will be publicly disclosed by news release on a timely basis, except as set out below.
- Disclosure of **material** information should be balanced and factual.
- If the Disclosure Committee determines that the public disclosure of certain information would be premature (for example, the release of the information would prejudice negotiations in a major corporate transaction), the information will be kept confidential, to the extent permitted by law, until the Disclosure Committee determines it is necessary or appropriate to publicly disclose. In those circumstances, the Disclosure Committee will cause, if necessary, a confidential material change report to be filed with the

applicable securities regulators, and will periodically (at least every 10 days) review its decision to keep the information confidential (see "Rumours" below).

- During the period before **material** information is publicly disclosed, market activity in Compton's securities should be monitored.
- Disclosure must include any information, the omission of which would make the rest of the disclosure misleading (half-truths are misleading).
- There must be no selective disclosure of **material** information. Previously undisclosed **material** information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). If previously undisclosed **material** information has been inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, the procedures set out under "Public Disclosure — Inadvertent Disclosure" below must be followed.
- Disclosure should be corrected as soon as reasonably practicable if Compton subsequently learns that earlier disclosure by Compton contained a material error at the time it was given.

Forward-Looking Information

"**Forward-looking information**" is information about prospective results of operations, financial position or changes in financial position, based on assumptions about future conditions and courses of action.

The following are guidelines for Compton in publicly disclosing forward-looking information:

- The forward-looking information, if determined to be material, will be broadly disseminated by news release or other appropriate means, in accordance with this Policy.
- The information will be clearly identified as forward-looking.
- Compton will identify material factors and assumptions used in the preparation of the forward-looking information.
- The forward-looking information will be accompanied by a statement that identifies, in specific terms, risks and uncertainties that may cause the actual results to differ materially from those set out in the forward-looking information.
- The forward-looking information will be accompanied by a statement that Compton may, as considered necessary in the circumstance, update or revise forward-looking information, whether as a result of new information, future events or otherwise.

INSIDER TRADING RESTRICTIONS AND BLACKOUT PERIODS

No director, officer, employee or other insider of Compton may purchase or sell, or tip someone else to purchase or sell, or to not purchase or sell, securities of Compton with knowledge of **material** information relating to Compton that has not been publicly disclosed.

A person is an "**insider**" of Compton if the person falls into any of the following categories:

- (a) director or senior officer of Compton;
- (b) director or senior officer of a corporation that is itself an insider of Compton;
- (c) subsidiary of Compton;
- (d) person or company that beneficially owns, directly or indirectly, voting securities of Compton, or that exercises control or direction over voting securities of Compton, or that beneficially owns, directly or indirectly, certain voting securities of Compton and exercises control or direction over certain other voting securities of Compton, where these voting securities carry more than 10% of the voting rights attached to all outstanding voting securities of Compton (excluding voting securities held by the person or company as underwriter in the course of a distribution); and
- (e) Compton, if it has acquired any of its securities for so long as it holds any of its securities and has not cancelled them.

Selling Short and Margin Trading

No director, officer, employee or other insider of Compton may, at any time, sell short or trade on margin the securities of Compton. No such person may, at any time, buy or sell a call or put in respect of a security of Compton.

Standing Sell or Purchase Orders

In order to avoid possible inadvertent conflict with this Policy, standing sell orders or standing purchase orders should not be left with a broker.

Blackout Periods

A quarterly blackout period will begin 10 business days before, and will terminate at the end of the second business day after, a news release is issued disclosing the quarterly results. During this period, no director or senior officer (Vice-President and above) and no other person involved in the preparation of, or having actual knowledge of financial or other information to be contained in, Compton's quarterly or annual financial statements may purchase or sell securities of Compton.

These trading restrictions do not apply to purchases or sales of securities of Compton made on behalf of a director, officer or employee of Compton under the Compton Share Purchase Plan.

Directors, officers and employees of Compton with knowledge of any undisclosed **material** information relating to Compton will be subject to trading blackouts. Any other party negotiating a material transaction with Compton will likely also be subject to trading blackouts. They will be prohibited from trading in securities of Compton or those other parties normally until the end of the second business day after the information has been publicly disclosed.

Apart from quarterly blackout periods, other blackout periods may be prescribed from time to time by the Disclosure Committee as a result of special circumstances relating to Compton which could give rise to **material** information, pursuant to which directors and senior officers (Vice-President and above) of Compton shall be prohibited from trading in securities of Compton. All other insiders and persons with knowledge of the special circumstances will also be subject to the blackout. Such parties may include external advisors, such as legal counsel or investment bankers. In the case of a prescribed blackout, affected individuals will be informed as to the application of the blackout to them.

Notwithstanding the above, it is the responsibility of the individual to be informed of the activities or circumstances that would preclude that individual from trading in the securities of Compton.

Any individual who is subject to a blackout period should not disclose to any third party that such blackout period is in effect, unless approved by the Disclosure Committee.

REPORTING OF TRADES BY DIRECTORS AND SENIOR OFFICERS

Each director and senior officer (Vice-President and above) of Compton must report every trade he or she makes in securities of Compton, within one business day of the date of the trade, to Compton's Vice President, Finance & Chief Financial Officer. Where required by law, the trades will be reported to the appropriate securities regulators by the applicable director or senior officer.

QUIET PERIODS

A quarterly public communication quiet period will begin 10 business days before, and will terminate with, the issuance of a news release disclosing quarterly results. During this period, Compton will not normally communicate with the investment community, investors or the media.

The purpose of the quiet period is to avoid the potential for, or perception of, selective disclosure. During this period, Compton will only communicate with the investment community, investors or the media to respond to unsolicited inquiries concerning factual matters about already publicly disclosed information, unless otherwise determined by the Disclosure Committee.

MAINTAINING CONFIDENTIALITY

All directors, officers and employees of Compton who know **material** information relating to Compton that has not been communicated to the public are prohibited from communicating that

information internally or externally to anyone else, except in the "**necessary course of business**".

Communications in the necessary course of business are permitted if the information must be communicated in order for the person communicating the information or the recipient to be able to perform his or her responsibilities at Compton and would generally cover confidential communications with:

- vendors, suppliers or strategic partners;
- directors, officers and employees of Compton;
- lenders, legal counsel, auditors, underwriters and other professional advisors to Compton;
- parties to negotiations;
- labour unions and industry associations;
- government agencies and non-governmental regulators; and
- credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency's ratings are or will be publicly available).

Electronic Communications

Caution should be used when transmitting information by e-mail. Communication by e-mail leaves an electronic track of its passage that may be subject to later decryption attempts. If the information being transmitted is critically sensitive or confidential, consideration should be given to using a non-electronic means for the transmission.

Notice to Outside Parties

Outside parties privy to undisclosed **material** information relating to Compton must be notified that they must not divulge the information to anyone else, except on a need-to-know basis, and that they may not trade in securities of Compton until the information is publicly disclosed. An outside party should be required to enter into a written confidentiality agreement. A written confidentiality agreement will not normally be required from an outside party who owes a duty of trust or confidence to Compton because of a special relationship with Compton (such as a banker or lawyer).

Procedures to be Followed

In order to prevent the misuse or inadvertent disclosure of **material** information, the following procedures should be observed at all times:

- documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals on a need-to-know basis;

- code names should be used, where appropriate;
- confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- use of wireless telephones or other wireless devices to discuss confidential matters should be avoided, where possible;
- confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
- employees must ensure that they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
- transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed; and
- access to confidential electronic data should be restricted through the use of passwords.

DESIGNATED SPOKESPERSONS

The following are the only spokespersons designated by the Disclosure Committee to communicate on behalf of Compton with the investment community, investors, regulators and the media:

- President & Chief Executive Officer;
- Vice-President, Finance & Chief Financial Officer; and
- Vice-President, General Counsel & Corporate Secretary.

No other persons are authorized to communicate on behalf of Compton, unless specifically designated by the Disclosure Committee.

Directors, officers or employees who are not designated spokespersons must not respond under any circumstances to inquiries from the investment community, investors, the media or others, unless they are specifically asked to do so by a designated spokesperson. All such inquiries should be referred to a member of the Disclosure Committee.

PUBLIC DISCLOSURE

The principal method of publicly disclosing **material** information by Compton will be by news release. No news release may be issued by Compton unless it has been approved in advance by the Board and any two members of the Disclosure Committee.

News Releases

If a stock exchange upon which securities of Compton are listed is open for trading at the time of the issuance of a news release announcing **material** information, prior notice of the news release must be provided to the market surveillance department of the stock exchange to enable a trading halt, if deemed necessary by the stock exchange. If a news release announcing **material** information is issued outside of trading hours, the market surveillance department of the stock exchange must be notified before the market reopens.

Annual and interim financial results will be publicly released as soon as possible following approval of the financial statements by the Board or the Audit, Finance and Risk Committee of the Board.

News releases will be disseminated through an approved news wire service that provides simultaneous national and/or international distribution. News releases will be transmitted to all stock exchanges, relevant regulatory bodies, major business wires, national financial media and selected local media in areas where Compton has its headquarters and principal operations.

News releases will be posted on Compton's Web site as soon as possible after release over the news wire. The news release section of Compton's Web site shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent publicly disclosed information.

Conference Calls

Conference calls will be held to report on quarterly earnings and major corporate developments so that the information will be accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or by a Web cast over the Internet. Conference calls will be preceded by a news release containing all material information.

The news release announcing an upcoming conference call will include:

- the date and time of the conference call;
- a general description of what is to be discussed;
- the means of accessing the conference call; and
- how long a replay of the conference call will be available on Compton's Web site.

Conference calls will normally be preceded by a meeting of Compton participants to review responses to anticipated questions and to identify information that may require public disclosure prior to the conference call.

Industry Conferences

This Policy applies to any form of communication, such as a speech, roundtable discussion or informal conversation on a convention centre floor, by any director, officer or employee of Compton made at any industry conference or similar event.

Analysts

Compton recognizes that meetings with analysts and institutional investors are an important element of Compton's investor relations program. Compton will meet with analysts and investors on an individual or small group basis, as needed, and will initiate contact with, or respond to, analysts and investors in a timely, consistent and accurate fashion in accordance with this Policy.

Compton will provide only non-material information at individual and group meetings, in addition to publicly disclosed information. Compton spokespersons will normally keep notes of telephone conversations with analysts and investors and, where practical, more than one Compton representative will be present at all individual and group meetings.

Inadvertent Disclosure

If a director, officer or employee of Compton becomes aware that there may have been an inadvertent disclosure of non-public **material** information relating to Compton, such person should contact immediately a member of the Disclosure Committee. Detailed records or transcripts should be made of any conference call, industry conference presentation or meeting with an analyst. These should be reviewed after the event to determine whether any inadvertent selective disclosure has occurred. To the extent requested by the Disclosure Committee, the director, officer or employee should assist in the development and implementation of a plan to make prompt public disclosure of the **material** information by news release or other appropriate means.

RUMOURS

Except in circumstances where the Disclosure Committee determines it to be in the best interests of the Company and its shareholders, Compton will not normally comment, affirmatively or negatively, on rumours. This policy also applies to rumours on the Internet.

Compton's spokespersons will respond consistently to rumours, stating, "*It is our policy not to comment on market rumours or speculation*".

Should a stock exchange request that Compton make a definitive statement in response to a market rumour relating to Compton, the Disclosure Committee will respond to the stock exchange.

ANALYSTS' RESEARCH REPORTS

Compton will review analysts' research reports for internal use only and will not normally comment on those reports to any persons outside of Compton, except for the purpose of pointing out factual errors based on already publicly disclosed information.

Compton will not post analysts' research reports on its Web site or include links to any investment firm's or analyst's Web sites or publications.

Compton will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with the analyst's model or earnings estimates.

In order to avoid appearing to endorse an analyst's research report or model, Compton will provide its comments orally or will attach a disclaimer to written comments to indicate that the analyst's report or model was reviewed only for factual accuracy based on publicly disclosed information.

Compton may post on its Web site a complete list, regardless of the recommendation, of all of the investment firms and analysts who are known to Compton to provide research coverage on Compton. If provided, the list will not include links to the investment firm's or analyst's Web sites or publications.

DISCLOSURE RECORD

Compton will maintain, for distribution upon request, certain public information about Compton.

The documents to be maintained in relation to Compton will include:

- Annual Reports for the preceding five fiscal years;
- Annual Information Forms for the preceding five fiscal years;
- Management Information Circulars for the preceding five fiscal years;
- Management's Discussion and Analysis for the preceding five fiscal years;
- Quarterly Reports for the current and the immediately preceding fiscal years;
- News Releases for the current and the immediately preceding fiscal years; and
- Material Change Reports for the current and the immediately preceding fiscal years.

COMPTON WEB SITE

No posting may be made to the Compton Web site unless it has been approved in advance by a member of the Disclosure Committee.

Any link from the Investor News section of the Compton Web site to a third party Web site must be approved in advance by a member of the Disclosure Committee. Any link must include a notice that advises the reader that he or she is leaving Compton's Web site and that Compton is not responsible for the contents of the third party Web site.

Investor relations material shall be contained within a separate section of Compton's Web site and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to Compton's Web site, including text and audiovisual material, shall show the date that the material was posted. Compton will maintain a log indicating the date that **material** information is posted and removed from the Investor News section of the Compton Web site. Generally it is Compton's policy to post corporate and investor presentations on the Compton website.

Disclosure on Compton's Web site alone does not constitute adequate dissemination of non-public **material** information. Any disclosure of non-public **material** information on Compton's Web site will be preceded by the issuance of a news release or dissemination by other appropriate means.

Only public information or information which could otherwise be disclosed in accordance with this Policy shall be utilized in responding to electronic inquiries.

In order to ensure that no non-public **material** information is inadvertently disclosed, directors, officers and employees of Compton are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to Compton's activities or its securities. Any director, officer or employee of Compton who becomes aware of a discussion pertaining to Compton on the Internet should advise a member of the Disclosure Committee as soon as possible.