

**COMPTON PETROLEUM CORPORATION**  
**CODE OF BUSINESS CONDUCT AND ETHICS**

**1. Introduction**

This Code of Business Conduct and Ethics (the “**Code**”) is applicable to all employees, officers and directors (the “**Employees**”) of Compton Petroleum Corporation (the “**Company**”) and its subsidiaries. The word “**Company**” should be read to refer to Compton Petroleum Corporation and its subsidiaries.

We require the highest standards of professional and ethical conduct from our Employees. The reputation of the Company for honesty and integrity among its stakeholders is key to the success of its business. All Employees of the Company must respect and comply with the letter and spirit of all of the laws, rules and regulations of Alberta and Canada applicable to the Company and of any jurisdiction in which the Company does business. Individuals who fail to comply with such laws, rules and regulations will be subject to disciplinary measures, up to and including discharge from the Company.

We intend that the Company’s business practices will be compatible with the economic and social priorities of each location in which we operate. Although customs vary from country to country and standards of ethics may vary in different business environments, honesty and integrity must always characterize our business activity.

This Code reflects our commitment to a culture of transparency, honesty, integrity and accountability and outlines the basic principles and policies with which all Employees are expected to comply.

Compliance with this Code is a condition to your employment and any violations will be dealt with severely. In addition to following this Code in all aspects of our business activities, you are expected to seek guidance in any case where there is a question about compliance with the letter and spirit of our policies or applicable laws or regulations. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in the Company’s separate specific charters, terms of reference or policy statements.

**2. Conflicts of Interest**

All Employees must be diligent in avoiding a conflict of interest with regard to the Company’s interests. A “**conflict of interest**” exists when an individual’s private interests interfere or conflict with or appear to interfere or conflict with the interests of the Company. A conflict of interest may arise when an Employee takes actions or has interests that may make it difficult to perform his or her professional obligations objectively and effectively or when he or she otherwise takes action that is inconsistent with the interests of the Company for his or her direct or indirect benefit or for the direct or indirect benefit of a third party. A conflict of interest may also arise when an Employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company, whether received from the Company or a third party. Loans to or guarantees of obligations of Employees or any of their

respective family members are likely to amount to conflicts of interest as are transactions of any kind between the Company and any other entity in which an Employee has a material interest.

Conflicts of interest are prohibited as a matter of corporate policy, except as specifically approved by the Company's board of directors (the "**Board**") and except in accordance with applicable laws and regulations. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management or the Corporate Secretary of the Company. Any Employee who becomes aware of a conflict or a potential conflict must bring it to the attention of a supervisor or manager who must thereupon bring it to the attention of the Corporate Secretary or the Chair of the Corporate Governance, Human Resources and Compensation Committee of the Board. A conflict of interest may also be reported in accordance with the procedures of the Company's Whistle Blower Policy which is available for review on the Company's website at [www.comptonpetroleum.com](http://www.comptonpetroleum.com).

### **3. Corporate Opportunities**

Employees are prohibited from:

- taking for themselves personally opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position;
- using corporate property, information or position for personal gain; and
- competing with the Company.

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### **4. Accuracy of the Company's Records and Reporting**

Full, fair, accurate, timely and understandable disclosure in reports or other documents we file with or submit to securities regulators in Canada and the United States and in our other public communications is critical to our ability to make responsible business decisions, to comply with our obligations under applicable securities law and regulation and to meet the expectations of our stakeholders. The Company has a Disclosure, Communications and Insider Trading Policy, which sets forth your obligations in respect of the Company's reports and other public disclosure documents.

The Company's accounting records are relied upon to produce reports for the Company's management, shareholders, creditors, governmental agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

The Chief Executive Officer (the "**CEO**") and the Chief Financial Officer (the "**CFO**"), with the assistance of appropriate Committees of the Board, are responsible for establishing and managing the Company's financial reporting systems to ensure that:

- all business transactions are properly authorized;
- all records fairly and accurately reflect the transactions or occurrences to which they relate;
- all records fairly and accurately reflect in reasonable detail the Company's assets, liabilities, revenues and expenses; and
- no information is concealed from the independent auditors, the Audit, Finance and Risk Committee or the full Board.

All employees have a responsibility to ensure that:

- the Company's accounting records do not contain any false or intentionally misleading entries;
- no transactions are intentionally misclassified as to accounts, department or accounting periods; and
- all transactions are supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

Each Employee and any person acting under the direction thereof is prohibited from taking any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Company for the purpose of rendering such financial statements materially misleading.

Each Employee is to exercise the highest standard of care in preparing reports, documents and other public communications, or in ensuring that such reports, documents and other public communications are prepared, in accordance with the guidelines set forth below.

- Compliance with generally accepted accounting principles (including, when adopted, International Financial Reporting Standards, "GAAP") is required at all times. However, technical compliance with GAAP may not be sufficient and, to the extent that technical compliance with GAAP would render financial information that the Company reports misleading, additional disclosure will be required.
- Compliance with the Company's system of internal accounting controls is required at all times, and no actions designed to circumvent such controls and procedures will be tolerated.
- Compliance with the Company's disclosure controls and procedures is required at all times, and no action designed to circumvent such controls and procedures will be tolerated.

## **5. Compliance with Laws, Rules and Regulations**

The CEO and the CFO are expected to ensure compliance with both the letter and spirit of all applicable laws and governmental rules and regulations. The CEO and the CFO will be responsible for establishing and maintaining procedures to:

- educate members of the finance department about applicable laws and governmental rules and regulations;
- monitor compliance of the finance department with applicable law and governmental rules and regulations; and
- identify any possible violations of applicable laws and governmental rules and regulations and report to the Audit, Finance and Risk Committee and correct in a timely and effective manner any violations of applicable laws or governmental rules and regulations.

The Company's policy is to comply with all applicable financial reporting and accounting regulations applicable to the Company. If any Employee of the Company has concerns or complaints regarding questionable accounting or auditing matters of the Company or identifies a possible violation of applicable law or regulation, then he or she is required to report such possible violation (anonymously, confidentially or otherwise) to the Audit, Finance and Risk Committee which will (subject to its duties arising under applicable law, regulation and legal proceedings) treat such submissions confidentially. Such submissions may be directed to the attention of the Audit, Finance and Risk Committee, or any director who is a member of the Audit, Finance and Risk Committee, at the principal executive offices of the Company. A possible violation may also be reported in accordance with the procedures of the Company's Whistle Blower Policy.

## **6. Compliance with Environmental, Health and Safety Laws**

The Company is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Company is in strict compliance with applicable environmental laws and regulations.

Employees are all responsible for maintaining a safe workplace by following environmental, health and safety rules and practices. The Company is committed to keeping its workplaces free from hazards. Please report any accidents, injuries or unsafe equipment, practices or conditions immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

If any Employee has any doubt as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should discuss the matter with higher levels of management or the Corporate Secretary of the Company.

## **7. Compliance with Competition Legislation**

Every Employee must comply with applicable competition legislation, the purpose of which is to maintain and encourage competition and prohibit certain behaviour (e.g. agreements with competitors to allocate markets or customers, price fixing or agreements to boycott certain suppliers or customers, bid-rigging, exclusive dealing, etc.). Employees should avoid contact with a competitor relating to the business of the Company or the competitor until approval is obtained from the Corporate Secretary of the Company.

## **8. Discrimination and Harassment**

The Company values the diversity of its Employees and is committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Employees are encouraged to speak out when a co-worker's or a colleague's conduct makes them uncomfortable, and to report harassment in accordance with the Company's Respectful Workplace Policy and a Workplace Violence Policy which set forth your obligations in respect of workplace conduct.

## **9. Confidentiality**

Employees must maintain the confidentiality of confidential information entrusted to them by the Company or its suppliers or customers, except when disclosure is authorized or required by applicable law, regulation or legal proceedings. Whenever feasible, an Employee should consult higher levels of management or the Corporate Secretary of the Company if he or she believes that he or she has a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers if disclosed. It also includes information that suppliers and customers have entrusted to the Company. The Company has a Privacy Policy which sets forth your obligations in respect of the Company's confidential information.

## **10. Protection and Proper Use of the Company's Assets**

All Employees should endeavour to protect the Company's assets and ensure their efficient use. No Employee may use the Company's property for personal use or benefit or for the personal benefit of a third party without express authorization from the Corporate Secretary of the Company. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incidents of fraud or theft should be immediately reported to the Corporate Secretary of the Company for investigation.

The Company's assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. The Company's assets may never be used for illegal purposes.

The obligation to protect the Company's assets includes proprietary information. Proprietary information includes any information that is not generally known to the public and would be helpful to the Company's competitors. Examples of proprietary information are

intellectual property, business and marketing plans and employee information. The obligation to preserve proprietary information continues even after the Employee leaves the Company.

#### **11. Insider Trading**

Insider trading is unethical and illegal. Employees are not allowed to trade in securities of a corporation while in possession of material non-public information regarding that corporation. It is also illegal to “tip” or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further. The Company has a Disclosure, Communications and Insider Trading Policy, which sets forth your obligations in respect of trading in the Company’s securities.

#### **12. Fair Dealing**

Each Employee should endeavour to deal fairly with the Company’s shareholders, customers, suppliers, competitors and Employees. None should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

#### **13. Use of Communication Devices including E-Mail and Internet Services**

The Company’s phone system, faxes, e-mail and Internet are to be used for business purposes only unless otherwise expressly authorized. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. You may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment.

Your messages (including voice mail) and computer information are considered corporate property and you should not have any expectation of privacy. You should expect that the Company will retrieve and use those messages and computer information. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

#### **14. Political Activities and Contributions**

We respect and support the right of our Employees to participate in political activities. However, these activities should not be conducted on Company time or involve the use of any Company resources such as telephones, computers or supplies. Employees will not be reimbursed for personal political contributions.

We may occasionally express our views on local and national issues that affect our operations. In such cases, Company funds and resources may be used, but only when permitted by law and by our strict Company guidelines. The Company may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The Company may pay related administrative and solicitation costs for political action committees formed in accordance with applicable law and regulation. No Employee may make

or commit to political contributions on behalf of the Company without the approval of the Corporate Secretary of the Company.

## 15. Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, travel, accommodation and other merchandise or services. In some cultures they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, our ability to make objective and fair business decisions. The same rules apply to Employees offering gifts and entertainment to our business associates.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times, and do not change during traditional gift-giving seasons.

The value of gifts should be nominal, both with respect to frequency and amount. Gifts that are repetitive (no matter how small) may be perceived as an attempt to create an obligation to the giver and are therefore inappropriate. Any gift valued in excess of three hundred dollars or any gift that is repeated more than twice from one source should not be accepted without approval of a supervisor or manager. Likewise, business entertainment should be moderately scaled and intended only to facilitate business goals. If, for example, tickets to a sporting or cultural event are offered, then the person offering the tickets should plan to attend the event as well. Use good judgment. “Everyone else does it” is not sufficient justification. If you are having difficulty determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, ask yourself these guiding questions:

- Is it legal?
- Is it clearly business related?
- Is it moderate, reasonable, and in good taste?
- Would public disclosure embarrass the company?
- Is there any pressure to reciprocate or grant special favours?

Strict rules apply when we do business with governmental agencies and officials, whether in Canada or the United States or in other countries, as discussed in more detail below. Because of the sensitive nature of these relationships, talk with your supervisor and the Corporate Secretary of the Company before offering or making any gifts or hospitality to governmental employees.

## 16. Payments to Domestic and Foreign Officials

Employees must comply with all laws prohibiting improper payments to domestic and foreign officials, including the Corruption of *Foreign Public Officials Act* (the “**Canadian Act**”)

and the United States' *Foreign Corrupt Practices Act* (the "U.S. Act") (collectively, the Canadian Act and the U.S. Act are referred to as the "Acts").

The Acts prohibit an offer, payment, promise of payment or authorization of the payment of any money or gift to a foreign official, foreign political party, official of a foreign political party or candidate for political office to influence any act or decision of such person or party to obtain or retain business. The Acts also prohibit a payment to any person with the intention that all or a portion of that payment will be offered or given, directly or indirectly, to any such political person for any such purpose. Although payments may not be illegal, the Company's policy is to avoid such payments.

If any Employee finds that adherence to the Company's policy would cause a substantial, adverse effect on operations, that fact should be reported to the Corporate Secretary of the Company, who will determine whether an exception may lawfully be authorized and appropriate in the circumstances. If the facilitating payment is made, such payment must be properly entered and identified on the books of the Company and all appropriate disclosures made.

Violation of the Acts is a criminal offense, subjecting the Company to substantial fines and penalties and any Employee or stockholder acting on behalf of the Company to imprisonment and fines.

## **17. Waivers of the Code of Business Conduct and Ethics**

Any waiver of this Code for executive officers or directors will be made only by the Board and will be promptly disclosed as required by applicable law or regulation. Any change to this Code will be disclosed as required by applicable law or regulation.

## **18. Compliance Procedures**

The Board is ultimately responsible to monitor compliance with this Code. Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behaviour and, when in doubt, about the best course of action in a particular situation. An Employee who is concerned that violations of this Code or other illegal or unethical conduct by an Employee of the Company have occurred or may occur should in a timely manner contact his or her supervisor or manager or the Corporate Secretary of the Company. A violation of this Code or other illegal or unethical conduct may also be reported in accordance with the procedures of the Company's Whistle Blower Policy.

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact your supervisor or manager for guidance.

If you do not feel comfortable discussing the matter with your supervisor or manager, please contact the Corporate Secretary of the Company. Any complaints or concerns you may have related to accounting, internal controls or auditing matters will be passed on to the Audit,

Finance and Risk Committee to be dealt with and a record of your concern or complaint will be retained for 5 years. The Audit, Finance and Risk Committee is composed of directors who are independent from the Company. We strive to ensure that all questions or concerns are handled fairly, discreetly and thoroughly. You need not identify yourself. We prohibit retaliatory action against any employee who, in good faith, reports a possible violation.

Violation of this policy may result in disciplinary actions up to and including discharge from the Company.