



**WINSTAR RESOURCES LTD.**

**ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**March 27, 2008**

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## INTERPRETATION

### Glossary

In this Annual Information Form (as defined below), the highlighted terms set forth below have the following meanings:

“**AIF**” or “**Annual Information Form**” means this Annual Information Form of the Corporation dated March 28, 2008;

“**Common Shares**” mean the common shares in the capital of the Corporation;

“**Corporation**” means Winstar Resources Ltd.;

“**Crown**” means Her Majesty the Queen in Right of Canada or a Province thereof;

“**Crude oil**” or “**oil**” means a mixture, consisting mainly of pentanes and heavier hydrocarbons that may contain sulphur compounds, that is liquid at the conditions under which its volume is measured or estimated, but excluding such liquids obtained from the processing of natural gas;

“**Gross**” means:

in relation to the Corporation’s interest in production and reserves, which are the Corporation’s interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Corporation;

in relation to wells, the total number of wells in which the Corporation has an interest; and

in relation to properties, the total area of properties in which the Corporation has an interest;

“**McDaniel**” means McDaniel & Associates Consultants Ltd., independent reserve evaluators, Calgary, Alberta;

“**Natural gas**” means the light hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions is essentially a gas, but which may contain liquids. Natural gas reserve estimates are reported on a marketable basis, that is gas which is available to a transmission line after removal of certain hydrocarbons and non-hydrocarbon compounds present in the raw natural gas and which meets specifications for use as a domestic, commercial or industrial fuel;

“**Natural gas liquids**” or “**NGL**” means those hydrocarbon components recovered from raw natural gas as liquids by processing through extraction plants or recovered from field separators, scrubbers or other gathering facilities. These liquids include the hydrocarbon components ethane, propane, butanes and pentanes plus, or a combination thereof;

“Net” means:

in relation to the Corporation’s interest in production and reserves, the Corporation’s interest (operating and non-operating) share after deduction of royalties obligations, plus the Corporation’s royalty interest in production or reserves;

in relation to wells, the number of wells obtained by aggregating the Corporation’s working interest in each of its gross wells; and

in relation to the Corporation’s interest in the property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;

“NI 51-101” means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

“RPS” means “RPS Energy”, independent reserve evaluators, Calgary, Alberta; and

“Undeveloped land” refers to oil and gas properties to which no reserves are assigned.

### Abbreviations

In this Annual Information Form, the abbreviations set forth below have the following meanings:

Crude Oil		Natural Gas	
bbl	barrel of oil	Mcf	thousand cubic feet of gas
bopd	barrels of oil per day	Mcfd	thousand cubic feet per day of gas
bpd	barrels per day	MMcf	million cubic feet of gas
Mbbl	thousand barrels of oil	m <sup>3</sup>	cubic metres of gas
m <sup>3</sup>	cubic metres of oil	boepd	barrels of oil equivalent per day
boepd	barrels of oil equivalent per day	NGL	natural gas liquids
		bcf	Billion cubic feet of gas

### Conversion

To Convert From	To	Multiply By
Mcf	Boe	0.16
Mcf	m <sup>3</sup>	28.174
m <sup>3</sup>	cubic feet	35.494
Bbl	cubic metres	0.159
cubic metres	bbl	6.290
Acres	Hectares	0.405
Hectares	Acres	2.471

## Note Regarding Reserves Information

This Annual Information Form contains disclosure expressed as “boe”, MBoe” and “boepd”, among others. All oil and natural gas equivalency volumes have been derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent equivalency at the wellhead.

## Forward-Looking Statements

This Annual Information Form contains forward-looking statements. These statements relate to future events or future performance of the Corporation. When used in this Annual Information Form, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “seek”, “propose”, “expect”, “potential”, “continue”, and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Corporation’s current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation’s actual results, performance, or achievements to vary from those described in this Annual Information Form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Annual Information Form as intended, planned, anticipated, believed, estimated, or expected. Specific forward-looking statements in this Annual Information Form include, among others, statements pertaining to the following:

- factors upon which the Corporation will decide whether or not to undertake a specific course of action;
- world-wide supply and demand for petroleum products;
- expectations regarding the Corporation’s ability to raise capital;
- treatment under governmental regulatory regimes; and
- commodity prices.

With respect to forward-looking statements in this Annual Information Form, the Corporation has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the Corporation’s ability to obtain additional financing on satisfactory terms; and
- the Corporation’s ability to attract and retain qualified personnel.

The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- the availability of capital;
- alternatives to and changing demand for petroleum products;
- changes in legislation and the regulatory environment; and
- the other factors considered under “Risk Factors” herein.

Furthermore, statements relating to “reserves or “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

The forward-looking statements contained in this Annual Information Form are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this Annual Information Form. The Corporation does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

## THE CORPORATION

The Corporation was incorporated by certificate of incorporation dated January 2, 1996 under the *Business Corporations Act* (Alberta) as 679601 Alberta Inc. The Corporation amended its articles on February 15, 1996 to, among other things, change its name to Virginia Energy Corporation. On August 1, 2000, the articles of the Corporation were amended to consolidate its Common Shares on the basis of one new Common Share for each five existing Common Shares and to change the Corporation’s name from Virginia Energy Corporation to Winstar Resources Ltd. On July 31, 2003, the Corporation was amalgamated with Warwick Energy Ltd. On October 25, 2005, the Corporation once again amended its articles to consolidate its Common Shares on the basis of one new Common Share for each five existing Common Shares. Effective December 29, 2006 the Common Shares began trading on the Toronto Stock Exchange under the symbol “WIX”. Simultaneously, the Common Shares were de-listed from the TSX Venture Exchange.

The Corporation has its registered office at Suite 4300, 888 – 3<sup>rd</sup> Street, S.W., Calgary, Alberta, T2P 5C5 and its principal business office at Suite 845, 401 – 9<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 3C5.

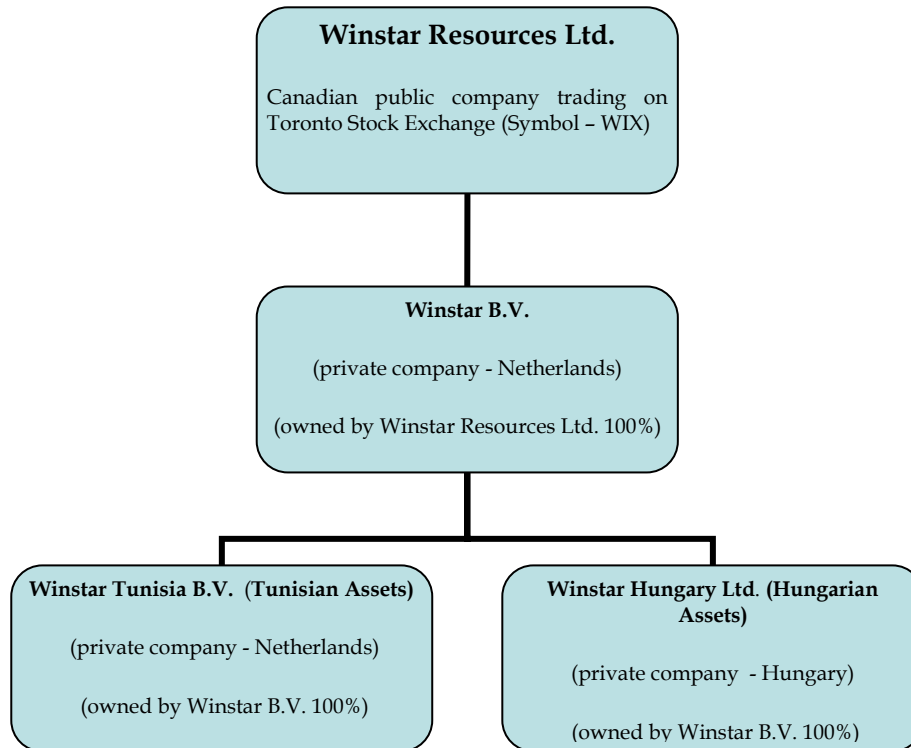
As at year-end 2007, the Corporation had 75 employees and utilized the services of approximately 5-10 consultants on a regular basis.

The Corporation has one wholly owned subsidiary, Winstar B.V., a private Corporation incorporated in Amsterdam, the Netherlands with limited liability under Dutch laws. Winstar B.V. was incorporated on May 1, 2001 under the name Athanor Tunisia Holding B.V. The name was changed effective June 19, 2001 to Athanor B.V. and again effective December 8, 2005 to Winstar B.V.

The official seat of Winstar B.V. is in Amsterdam, the Netherlands, which is the Dutch equivalent of a registered office. Winstar B.V. currently maintains its head office at Max Euwelaan 61, 3062 MA Rotterdam, the Netherlands.

Winstar B.V. currently has two wholly owned subsidiaries, Winstar Tunisia B.V. and Winstar Hungary Ltd. Winstar Tunisia B.V. is also a private company incorporated in Amsterdam, the Netherlands with limited liability under Dutch laws. Winstar Tunisia B.V. maintains an office at Immeuble Léman Center, 3eme étage Bloc D, Rue du Lac Léman, Tunis 1053, Tunisia. The other wholly owned subsidiary, Winstar Hungary Ltd., is a private corporation incorporated under the laws of Hungary with an office at Arany Janos u8, Szolnok 5000, Hungary.

The corporate structure of the Corporation is set out below:



### GENERAL DEVELOPMENT OF THE BUSINESS

Since its inception in 1996, the Corporation has focused on the identification and acquisition of opportunities in oil and gas properties in Western Canada, specifically in the Province of Alberta. The Corporation was listed as a Junior Capital Pool company through the facilities of the Alberta Stock Exchange in April, 1996, with trading of its Common Shares commencing in May, 1996. On July 31, 1996, the Corporation completed its “qualifying transaction” whereby it acquired a 100% working interest in 640 acres in the Virginia Hills area of Alberta, a 75% working interest in 160 acres in the Zama Lake area of Alberta and a 10% working interest at Sturgeon Lake, Alberta for aggregate consideration of \$1,412,500, consisting of 2,825,000 Common Shares valued at \$0.50 per share.

During the period from 1996 to 2000, the Corporation's asset base evolved through a number of acquisitions, land purchases, and joint ventures on the assets in Zama Lake, Rainbow Lake, Virginia Hills and Sturgeon Lake. The Corporation also completed a number of financings, culminating in July, 2000, when the Corporation amended its articles to consolidate its 16,116,499 issued and outstanding Common Shares on a one for five basis, following which 3,233,300 Common Shares were issued and outstanding. The Corporation also changed its name to Winstar Resources Ltd. as part of such amendment.

During the period from 2000 to the end of 2002, the Corporation continued to develop its existing assets. In February, 2001, the Corporation entered into a joint venture agreement with Pivotal Energy Ltd. ("**Pivotal**"), whereby until February 2002, the Corporation had the opportunity to participate for 15% of Pivotal's interest in specific new oil and gas exploration, development, or acquisition opportunities developed by Pivotal. The Corporation's capital program for 2001 involved some drilling and some low risk recompletion work at Sturgeon Lake and participation in one of Pivotal's prospects at Gordondale

See discussion of Sturgeon Lake under heading "Business and Properties of the Corporation - Principal Properties".

In early 2002, the Corporation completed an asset exchange whereby the Corporation swapped its 92.5% working interest at Rainbow South, for a net 92.5% working interest in a producing oil field at Taber (Midland) plus net \$940,000 cash. On July 11, 2002 pursuant to an option agreement dated May 29, 2002, the Corporation issued 8,000,000 Common Shares at \$0.275 per share to assignees of O'Regan Resources Ltd., generating gross proceeds of \$2,200,000. On December 18, 2002, the Corporation completed a private placement of 4,420,000 Common Shares on a flow-through basis for \$0.40 per share for gross proceeds of \$1,768,000. As of December 31, 2002 the Corporation had 20,099,917 issued and outstanding Common Shares (21,702,247 on a fully diluted basis).

The Corporation finalized a major transaction in July 2003 whereby the Corporation committed to spend \$10.5 million on drilling, completion and equipping costs prior to July 2005 on a significant land position in the Ferrier Whitecourt corridor of Central Alberta, , to earn approximately 82 net (approximately 182 gross) sections in the area.

The Corporation completed a corporate acquisition on July 31, 2003, when it acquired all of the outstanding shares of Warwick Energy Ltd. ("**Warwick**"), a private Canadian company. Warwick had an enterprise value of \$8.1 million, and the Corporation acquired the shares for total consideration of 302,858 Common Shares valued at \$0.70 per share and \$7,382,500 in cash plus the assumption of Warwick's net liabilities. Warwick was amalgamated with the Corporation on July 31, 2003.

During 2003, the Corporation concluded several financings. The Corporation closed a private placement of 10,000,000 Common Shares at a price of \$0.70 per share for gross proceeds of \$7,000,000 on August 8, 2003. Proceeds of that offering were designated to finance continuing exploration and development activities and for general corporate purposes. On December 5, 2003, the Corporation completed an issue of 1,907,000 Common Shares at a price of \$1.05 per share and 3,570,000 Common Shares on a "flow-through" basis at a price of \$1.40 per share with an underwriting syndicate led by First Associates Investments Inc. and including Haywood Securities Inc. The net proceeds of that offering were utilized primarily to fund an exploration program on the Corporation's farm-in acreage, and for continued exploration and development on its inventory of properties.

Beginning in 2004 and culminating in February 2005, the Corporation embarked upon a number of transactions in an attempt to refocus the Corporation towards assets in Alberta that were operated, had a high working interest, and could be exploited with low finding and development costs and high operating income netbacks.

In January 2005, the Corporation commenced a \$7 million capital program, consisting of the drilling of six new wells (in which the Corporation earned a working interest in the range of 25% - 100%) and the re-completion of nine suspended wells (in which the Corporation earned a working interest in the range of 10% - 100%).

The Corporation fulfilled the earning obligations under the July 2003 farm-in agreement in the Ferrier-Whitecourt Area on or about January 25, 2005. The Corporation, on basic terms of pay 100% to earn, 60% without payout, spent \$6.5 million gross (\$2.5 million net) on drilling five gross oil and gas wells (0.98 net wells) and the re-completion of six existing oil and gas wells (6.0 net wells) resulting in 270 boepd (130 boepd net) of productive capacity. The Corporation earned 137 gross (58 net) sections of Cretaceous petroleum and natural gas rights. Subsequently, on February 2, 2005, the Corporation closed the purchase of the residual working and royalty interests within 137 gross sections of Ferrier-Whitecourt land earned in January 2005, effective as of December 1, 2004. Pursuant to the purchase, the Corporation acquired an additional 29 net sections of undeveloped land, with six gross (1.78 net) wells that are producing or capable of producing approximately 212 gross (85 net) boepd; 50 net sections of land with five gross (3.9 net) producing wells (having a 2.5% - 10% GORR interest); and 7.45 net suspended wells with re-completion potential. In addition, the Corporation was relieved of \$0.9 million of additional obligations under its original farm-in agreement. The Corporation paid \$2.45 million and transferred the Corporation's 60% working interest in two gross (1.20 net) sections, including the 10-35-59-2W6 Boltan Creek well bore which the Corporation drilled and cased in November 2004. See discussion of Ferrier-Whitecourt under heading "Business and Properties of the Corporation - Principal Properties".

The final transaction in the Corporation's re-focused strategy occurred on February 18, 2005, when the Corporation sold all of its Saskatchewan assets to an oil and gas royalty trust, effective January 1, 2005. The Corporation received \$11.75 million, subject to purchase price adjustments, for the sale of approximately 350 (net) boepd of current production and 30 gross (19 net) sections of developed and undeveloped land concentrated in southeast Saskatchewan.

In the 2005, the Corporation set off in a significant new direction. After lengthy negotiations and regulatory approvals, the Corporation completed its acquisition on August 22, 2005 of Athanor B.V. ("**Athanor**"), a private Dutch oil and gas company active in Tunisia and Hungary and incorporated in the Netherlands, for 56.98 million Common Shares. Athanor owned and operated five onshore concessions in Tunisia covering an area of 236 net square miles (four concessions at 100% working interest, one at 45% working interest) with approximately 570 boepd of high net back production. The Sabria Concession (45% working interest) located in west-central Tunisia was Athanor's core asset with production of 775 (350 net) boepd, at that time, from a fractured Ordovician quartzite at 4,000 meters depth. See sections "Principal Properties" and "Reserves Data and Other Oil and Gas Information" below for current status of properties and reserve values.

At the time of the acquisition, Athanor also had a Hungarian subsidiary, El Paso Hungary Oil and Gas Limited Liability Company (now Winstar Hungary Ltd.) with 470 boepd of high net back gas production in Hungary. Production was derived from a single gas well, in south-western Hungary, completed in a Tertiary Limestone at less than 800 meters depth. See sections "Principal Properties" and "Reserves Data and Other Oil and Gas Information" below for current status of properties and reserve values. Hungarian assets included 420 miles of in-house seismic, and 888 square miles of offset mineral rights. Athanor consultant Gabor Tihanyi, a Hungarian petroleum engineer with more than 20 years of oil and gas industry experience, assumed all operational responsibilities as General Manager of the Hungarian operations for the Corporation.

In conjunction with the Athanor transaction, the Corporation also completed a private placement of 17,111,111 Common Shares at a price of \$0.45 per share for gross proceeds of approximately \$7,199,999 and the deemed issuance of Common Shares pursuant to the 30,333,334 subscription receipts of the Corporation issued pursuant to a private placement on July 7, 2005 at a price of \$0.45 per subscription receipt for gross proceeds of approximately \$13,650,000. The Common Shares of the Corporation were consolidated on October 25, 2005 on a one for five basis, and the Corporation's stock symbol was changed from "WRL" to "WIX". Pre-consolidation shareholders of the Corporation were issued one Common Share for each five Common Shares of the Corporation held prior to consolidation.

On December 16, 2005, the Corporation completed a private placement of "flow-through" Common Shares of the Corporation. The private placement was completed on a non-brokered basis for 212,766 Common Shares, at a price of \$2.35 per share for gross proceeds of \$500,000.

On December 13, 2006, the Corporation completed a private placement of 100,000 Common Shares on a "flow-through" basis to directors, officers and employees of the Corporation at \$3.00 per share for gross proceeds of \$300,000.

During 2007, the Corporation continued with its business plan of focusing a major part of its capital program in Tunisia. In July of 2007, the Corporation announced that it had, through its international subsidiary, negotiated and executed certain contracts to transport a new Canadian-made drilling rig to Tunisia. The rig, designed to perform both as a drilling rig and a service rig, will execute Winstar's exploration and development program in southern Tunisia for the Triassic and shallower horizons for the balance of 2007 and into 2008. Under the terms of the contract, Winstar, as the primary client, together with a private Canadian international exploration company, will guarantee 180 days of work for the rig during the one year period commencing upon the arrival of the equipment in Tunisia, with the option to make a further commitment for a second year.

The Corporation also made significant strides in 2007 to strengthen its financial resources. In September of 2007 the Corporation completed an issue of new equity through a consortium of brokers. The Corporation issued 5,000,000 new shares at a price of \$4.60 per share for gross proceeds of \$23,000,000.00. Then, in November of 2007, the Corporation finalized a new \$10,000,000.00 credit facility with HSBC Bank Canada. The new credit facility was the first of its kind in that it will be secured over both the domestic and international assets of the Corporation. Finally, on December 13, 2007, the Corporation completed a private placement of 17,860 Common Shares on a "flow-through" basis to directors, officers and employees of the Corporation at \$7.00 per share for gross proceeds of \$125,020. The proceeds were used to shoot a 2D seismic program at Taber.

In 2008, the Corporation is looking to follow up on the results of the high impact drilling in Tunisia, and to continue with exploration in Hungary. The Corporation is also actively looking for other opportunities internationally and in Canada.

The Corporation's principal focus now is the identification and acquisition of opportunities in oil and gas properties in Western Canada, Tunisia and Hungary. At year end of 2007, the Corporation owned working interests in four principal producing oil and gas properties in Alberta, five production concessions in Tunisia, one exploration permit in Hungary and a production concession in Hungary.

## BUSINESS AND PROPERTIES OF THE CORPORATION

### Principal Properties

#### *Alberta properties and assets*

The following is a description of the principal properties of the Corporation located within the Province of Alberta.

**Taber:** Taber is located about 240 kilometres south of Calgary. At year end, the Corporation had a 100% working interest in 2,760 gross acres in Taber. There are 12 producing oil wells which at year end 2007 produced a total of 90 boepd of medium gravity crude from the Mannville. There is one water disposal well into which about 900 boepd of produced water is re-injected to the Mannville zone. Using the proceeds of the flow-through share issue in December of 2007, the Corporation commenced a 2D seismic program to define potential drilling locations and is in the process of evaluating the seismic for infill and step-out locations in 2008.

**Sturgeon Lake:** Sturgeon Lake is just west of Valleyview, approximately 360 kilometres northwest of Edmonton. At year end 2007, the Corporation had an average 69.2% working interest in 6,611 gross acres, approximately 4,573 net acres of land. The Corporation has a 51.7% working interest in a producing Notikewin/Fahler gas well and 90% in a Montney gas well. In addition, the Corporation has working interests ranging from 33.5% to 51.7% in seven suspended oil wells and five suspended gas wells. The Corporation's original plan to drill a horizontal Leduc oil test and a horizontal Montney gas test from an existing surface lease has been adversely affected by regulatory delays and general industry conditions. The Corporation is investigating other possible surface locations and anticipates drilling Montney well in the third quarter of 2008. At the year ended December 31, 2007, Sturgeon Lake was producing 9 boepd net (monthly average). Current production is approximately 3 boepd net due to the suspension of the 9 of 18 Montney gas well.

**Herronton:** Herronton is located about 100 kilometres southeast of Calgary. The Corporation participated in the drilling of two wells in 2005, resulting in a 50% working interest in an oil well and a 25% working interest in a gas well. The Corporation now operates three wells in this area which are tied-in to a central processing facility and at the year ended December 31, 2007, were producing 10 boepd net. Current production is approximately net 10 boepd (monthly average).

**Ferrier (Brazeau & Sunchild) – Whitecourt (Edson, Windfall, West Pembina):** In July 2003, the Corporation entered into an agreement with a major company for a two year, \$10.5 million work commitment to earn an interest in about 182 gross (82 net) sections of land. During 2004, the Corporation fulfilled this commitment, as well as evaluated other adjacent assets through the 5 gross (4.5 net) re-completions or re entries on pre-existing wells and drilling of 6 gross (1.73 net ) new wells, resulting in 4 gross (2.76 net) successful re-completions and 5 gross (1.65 net) new discoveries of oil or gas.

The Corporation continues to develop the extensive land base in this area but recent industry conditions, including high service costs, have hampered activity levels. During 2007, the Corporation participated in one re-completion and one new well. At the year ended December 31, 2007, this region was generating approximately 250 boepd net. Current production is approximately 250 boepd net (monthly average).

**Strachan:** Strachan is located approximately 30 kilometres southwest of Rocky Mountain House. The Corporation has an average 50% working interest in 1,280 acres of land. The re-entry operation of the Strachan 13-10-38-10W5M well (50% working interest) was spud at the end of October 2006. This well was successfully drilled to a depth of 5,045 metres (true vertical depth of 4,200 metres), encountering the reef at the target depth with better than expected porosity and pay. The well was completed and stimulated with a hydraulic acid fracture treatment, was tied in during March of 2007. As a result of poor production performance, and after resolving issues with its defaulting partner, the Corporation re-entered the well in late 2007 to deepen the well and perform further stimulation work. The well has been tied back into the existing facilities and is currently being production tested.

#### *Canadian properties and assets in general*

The cost of services in the Canadian industry remained high in 2007. The new Alberta Crown Royalty amendments have also had an effect on prospect economics. The Corporation expects that as the Canadian industry's activity level declines, there will be significant improvement in the cost of services. If commodity prices remain high, these factors should make economics more attractive.

In 2007, the Corporation participated in 3 (.17 net) new wells, resulting in 3 gas wells. The Corporation also participated in 1 (1 net) re-completion and 1(.2 net) well re-activation, resulting in 1 (.2 net) gas well and 1 standing well.

Canadian average monthly production was 375 boepd for the fourth quarter of 2007 and was 414 boepd average for the full year.

#### *Tunisia properties and assets*

The following is a description of the principal properties of the Corporation located in Tunisia.

**Tunisia in general:** Following the acquisition of Athanor, the Corporation now operates five production concessions in Tunisia. As of December 31, 2007 the following table describes the Corporation's net interests in such concessions:

Concession	Gross Surface (acres)	Working Interest	Operator	Number of Producing Wells	Type of Production
Sabria	11,520	45%	Corporation	4	Oil and Gas
Zinnia	17,920	100%	Corporation	1	Oil and Gas
Sanrhar	35,840	100%	Corporation	1	Oil
Chouech Essaida	52,480	100%	Corporation	4	Oil
Ech-Chouech	33,920	100%	Corporation	0	N/A

The Corporation has brought on new production in Sabria and Chouech Essaida and used various production optimization techniques such as artificial lift on other producing wells. As a result, Tunisian production has improved from approximately 1000 boepd during the first quarter of 2007 to over 1350 boepd in the first quarter of 2008.

**Sabria:** The Sabria Concession is located near the southern margin of Chott el Jerid in the Sahara Desert of Tunisia. The Sabria Concession, named after the nearby village of Sabriyah, was carved out of the Kebili Exploration Permit. The first seismic survey was carried out by Mobil who held the exploration permit for the area from 1970-1977. From 1978-1985 the area was operated by Amoco, who drilled four wells; SAB-N1, SAB-N2, SAB-N3 and W-SAB-1. The first exploratory well SAB-N1, was drilled in 1979. SAB-N2 was drilled in 1980-81, W-SAB-1 in 1981-82 and SAB-N3 was drilled in 1984. These exploration wells indicated oil in the Ordovician formations but were considered non-commercial at the time.

In 1991 MOL Hungarian Oil & Gas PLC (“MOL”) became the operator of the Sabria concession. From 1991-1995 MOL performed three 2D seismic surveys and based on these surveys and re-evaluation of the previous wells, MOL re-completed W-SAB-1 as a horizontal well (W-SAB-1H) near the top of the Hamra Formation. This well tested hydrocarbon potential in August 1996. In 1998 MOL acquired 2D & 3D seismic of the Sabria concession, which led to drilling well SAB-NW1. This well was completed as a horizontal producer. In late 1998-early 1999 MOL re-entered SAB-N1 and drilled a new horizontal leg. Based on disappointing results the well was suspended in 1999.

Sabria was put on stream in October 1998 with well W-SAB-1H, followed by SAB-NW1 in May 1999 and SAB-N3H in January 2002. In early 2000 Athanor acquired the MOL interest in the Sabria concession and became the field operator. In 2002, the SAB-N3 well was re entered, drilled and completed as a horizontal producer (SAB-N3H). Prior to the drilling of Sabria 11, the operation was comprised of three producing wells, W-SAB-1H, SAB-NW1H and SAB-N3H, all producing under natural flow. The wells have open hole completions with dual concentric tubing strings and production packers. Salt deposits are flushed from the producing wells by intermittent circulation of fresh water across the bottom of the wellbore to dissolve the native salt and produce it with the oil. Associated gas is recovered at the field, compressed to 100 bar pressure and delivered into a third party gas pipeline from where it is transported and sold to STEG, the Tunisian State Electricity and Gas Company. Condensate is recovered from the associated gas via a chilling unit and slip-streamed back into the crude oil stream for sales.

During 2006 the transportation arrangements were upgraded such that oil is now trucked from the field to a transfer terminal on the local pipeline network at Oumchia from which it is transported via pipeline to the Mediterranean Coast at Skhira.

The Corporation finished drilling the Sabria 11 well in the first quarter of 2007 and completed the well in the second quarter. The well has been on production since late June, 2007 and is currently producing at a rate of approximately 320 boepd net. Total production net to the Corporation is approximately 500 boepd for the Sabria concession. The Corporation plans to drill one new development location in Sabria in 2008, and to conduct one re-entry to extend the horizontal portion of an existing well.

**Zinnia:** The Zinnia oil field is located onshore on the Cap Bon peninsula of Tunisia, 60 kilometres Southeast of Tunis, 10 kilometres from the town of Nabeul, approximately 3 kilometres from the Mediterranean shore.

The field was discovered in 1989 by Shell, with the drilling of the ZNN-1 well on the west flank of a faulted anticlinal structure. The productive formation is the Abiod formation, a late Cretaceous fractured carbonate formation. AGIP took over as operator in March 1990 and completed the ZNN-1 well as an oil producer. In April 1991, AGIP drilled a second producer, ZNN-2D, from the same surface location, in an up-dip bottom hole location position to improve the structural control of the northeast area of the trap. This well tested both oil and gas.

Well ZNN-1 was shut-in in July 1993 and then converted to a water disposal well. The ZNN-2D producer is completed with 2 7/8 inch tubing and an ESP pump which requires close monitoring due to CO<sub>2</sub> corrosion.

Zinnia oil is trucked to the refinery at Bizerte and the gas is sold at the plant gate into a STEG pipeline. At year-end 2007, production from the Zinnia concession was approximately 100 boepd net.

**Sanrhar:** The Sanrhar field is located 60 kilometres Northeast of the El Borma oil field in the Sahara desert of Southern Tunisia. Three wells have been drilled on the Sanrhar domal structure of the Triassic Tagi Sandstone formation. The first well in 1957, Sanrhar-1 (SN-1), was drilled on the flank of the structure near the original oil/water contact. Sanrhar North 1 (SNN-1) the "discovery well" drilled by AGIP in 1989 located near the top of the structure. In 2002, Anadarko drilled a third well, Sanrhar West-1 (SNW-1), 6km to the west down dip on the west flank of the structure. This well was wet and was plugged and abandoned. SNN-1 is the sole oil producer in the field and has been on-stream since 1991. At year-end 2007, production for the Sanrhar concession was approximately 100 boepd.

**Chouech Essaida:** The Chouech Essaida oil field is located in the southwest of the southern part of Tunisia. Seven wells were drilled on the Chouech Essaida structure between 1971 and 1992. The field was put on production in 1977, with well CS-1, which remained on production until 1992. In 1993, wells CS-3BIS and CS7-BIS were put on production, and were produced for seven and two years respectively. In 1996, well CS-5 was tested briefly, and then suspended. Athanor Tunisia BV (Athanor Tunisia) acquired the concession together with the neighbouring Ech Chouech concessions, from AGIP in 2002. The field was shut in from 1999 until late 2003, at which time Athanor Tunisia brought well CS7-BIS back on production. Production is from one or more of seven identified zones of the Trias Argilo-Gereseux "Shaly Arenaceus Unit". The production completion records are sketchy and inconsistent; therefore, it is unclear which of the units have contributed to production.

Oil is transported to a sales point at El Borma by a six inch, 80 kilometre pipeline that is owned by the Corporation. Gas is currently used for fuel or flared, but the Corporation is investigating alternatives for the gathering, transportation and eventual sales of natural gas from the concession.

Currently, production from the concession is approximately 600 boepd net as the CS-5 well has been temporarily curtailed to allow for tie-in of the natural gas. The Corporation has completed a workover of the CS6 well to convert it to a water disposal well, and has commenced drilling the CS8 well.

**Ech Chouech:** Five wells have been drilled by AGIP in the Ech Chouech concession since 1970.

The field was discovered by the well EC-1, which encountered oil in the Devonian - Ouan Kasa sandstone formation at a depth of 3220 metres. The well was completed in 1991 tested for 6 months in order to help determine the commerciality of the field.

The well tested at rates around 200-220 boepd and produced a total of 34,000 bbl of oil. The test was terminated by a well-bore blockage. A workover would be required to reactivate the well. Well EC-2 tested a small quantity of gas in the Ouan Kasa sand to a depth of 3,182 metres. Well EC-3 only encountered traces of gas but well EC-4 tested oil in the Ouan Kasa sandstone (DST#2).

AGIP assessed the field reserves to be some 478,000 bbl and no further development has since been undertaken. The Corporation plans to workover and re-activate well EC-4 in the second quarter of 2007.

The Corporation conducted a workover on the well EC4 in 2007 but the workover did not result in commercial quantities of hydrocarbons. The Corporation is currently completing a workover of the EC1 well in an attempt to re-activate production from this well.

### *Hungary properties and assets*

The following is a description of the principal properties located in Hungary.

**Törökkoppány:** The Törökkoppány gas field is located in Sornogy County, south-western Hungary, 2.5 kilometres south-east of the village of Törökkoppány, about 230 km south-west of Budapest. The field was discovered in 2001 by El Paso Magyarország Kft., a subsidiary of Houston based El Paso Production Oil and Gas Company, with the drilling of Törökkoppány #1 ("**Toro 1**"), the third exploratory well drilled on the IGAL exploration concession. The field is located in the Sornogy-Drave sub-basin, located in the central part of the Pannonian Basin, south of Lake Balaton.

The Toro 1 well encountered gas in the Miocene Badenian limestone of the Rakos limestone formation, at a depth of 652 metres. The well was drilled to a total depth of 771 metres.

Field production began in July 2003 from well Toro-1. Gas is piped to a regional gas distribution network and is sold locally to DDGaz, a subsidiary of E.On. The Törökkoppány field production has substantial seasonal variations, which are driven by regional gas demand.

In November of 2005, the Corporation drilled to 860 metres, tested and abandoned its Szakcs (100% working interest) \$1.2 million exploratory well. The well encountered Miocene Badenian Limestone at anticipated depths and thickness but with poor reservoir qualities and produced only water after stimulation. A second producer, Toro-2 was drilled by the Corporation and put on production in December of 2005.

In October 2006, the Corporation drilled to 870 metres, tested and abandoned its Koppányzanto (100% working interest) \$1.2 million exploratory well. The well encountered porous and permeable Miocene Badenian Limestone at anticipated depths and thickness. Further to the results of 2 drill-stem tests, which recovered drilling mud or water with immaterial gas in solution, the well was abandoned.

The Corporation did not conduct any drilling operations in Hungary in 2007. In the first quarter of 2008, the Corporation has completed a 42km 2D seismic program, and must drill an exploratory well on the lands by October 2008.

## **Oil and Natural Gas Markets**

### *Crude Oil*

The Corporation markets its Alberta oil to Plains Marketing Canada, L.P. under a 30 day evergreen agreement. The Corporation's strategy is to commit all of its oil under short term arrangements. Pricing under these contracts is generally related to prices for West Texas Intermediate ("WTI") crude oil, which results in prices received by the Corporation being affected by the U.S. and Canada dollar exchange rate.

In respect of the Corporation's Tunisian oil production, oil from the Zinnia concession is sold into a local refinery while oil production from Sabria, Chouech Essaida and Sanrhar concessions is trucked and then pipelined to a storage terminal. From the terminal the oil is loaded onto oil tankers arranged by third parties and sold on the world market every one to three months, depending on production levels. The price paid for oil is directly tied to the price quoted for Ashtart crude (Zinnia) and Zarzaitine crude (all other crude production). The oil tanker price is based on the average price for the three days after loading. Revenue from tanker sales is recognized only when the oil has been loaded onto tankers.

### *Natural Gas*

The Corporation's Alberta natural gas production is sold to Nexen Marketing Inc. under a one year contract at AECO reference daily index spot pricing.

In Tunisia, associated gas production from the Sabria and Zinnia is sold into the domestic market. The price is indexed at 75% of the high sulphur fuel oil price for Zinnia gas and at 77% of the low sulphur fuel oil price for Sabria gas.

Winstar's Hungarian production is from two 100% working interest wells (Törökkoppany #1 and #2) located in western Hungary. Gas is processed at a 100% owned and operated gas plant with a design capacity of 15 MMcf/day. Gas currently is sold into the local retail market on a demand contract, renewable annually.

The local retail market in Hungary is subject to seasonal demand resulting in limited summer sales and full capacity winter sales. The price of natural gas in Hungary is determined by negotiation under the above mentioned demand contract. The gas prices obtained to date by the Corporation appear to be comparable to other European gas prices.

#### **RESERVES DATA AND OTHER OIL AND GAS INFORMATION**

The following is a summary of the oil and natural gas reserves and the net present values of future net revenue of the Corporation as evaluated by McDaniel, in the case of the Corporation's Canadian reserves data, and by RPS, in the case of the Corporation's Tunisian and Hungarian reserves data. Both McDaniel and RPS are independent qualified reserves evaluators appointed by the Corporation pursuant to NI 51-101. Substantially all of the Corporation's oil and gas properties with reserves in Canada, Tunisia and Hungary were independently evaluated by McDaniel and RPS, with properties in Canada being evaluated by McDaniel and properties in Tunisia and Hungary being evaluated by RPS. Readers should note that totals in the following tables may not add due to rounding.

The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Corporation's reserves. There is no assurance that the forecast price and cost assumptions contained in the McDaniel and RPS Reports will be attained and variances could be material. Other assumptions relating to costs and other matters are included in the McDaniel and RPS Reports. The recovery and reserves estimates attributed to the Corporation's properties described herein are estimates only. The actual reserves attributed to the Corporation's properties may be greater or less than those calculated.

NOTE: The headings, formatting and tables in this section are taken directly from the Form NI51-101-F1 prepared by RPS, which begins immediately below, with the heading "Part 2 Disclosure of Reserves Data" and continues to the end of Table 6.9 on page 37.

**PART 2: DISCLOSURE OF RESERVES DATA**

**2.1 Reserves Data (Forecast Prices and Costs)**

FORM 51-101F1										
TABLE 2.1.1										
SUMMARY OF OIL AND GAS RESERVES as of December 31, 2007 FORECAST PRICES AND COSTS										
RESERVE CATEGORY	RESERVES									
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS		SULFUR	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMscf)	Net (MMscf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mltl)	Gross (Mltl)
<b>CANADA</b>										
PROVED										
Developed Producing	228	178	-	-	1,538	1,276	41	32	-	-
Developed Non Producing	3	3	-	-	207	168	4	3	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>231</b>	<b>181</b>	-	-	<b>1,746</b>	<b>1,444</b>	<b>45</b>	<b>35</b>	-	-
PROBABLE	55	43	-	-	637	523	16	13	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>286</b>	<b>224</b>	-	-	<b>2,383</b>	<b>1,967</b>	<b>61</b>	<b>47</b>	-	-
<b>TUNISIA</b>										
PROVED										
Developed Producing	1,345	1,185	-	-	1,912	1,710	16	15	-	-
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	1,270	1,124	-	-	2,852	2,525	29	26	-	-
<b>TOTAL PROVED</b>	<b>2,615</b>	<b>2,310</b>	-	-	<b>4,764</b>	<b>4,235</b>	<b>46</b>	<b>41</b>	-	-
PROBABLE	5,641	4,828	-	-	11,532	9,864	107	91	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>8,256</b>	<b>7,138</b>	-	-	<b>16,297</b>	<b>14,099</b>	<b>152</b>	<b>132</b>	-	-
<b>HUNGARY</b>										
PROVED										
Developed Producing	-	-	-	-	266	229	-	-	-	-
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	-	-	-	-	<b>266</b>	<b>229</b>	-	-	-	-
PROBABLE	-	-	-	-	102	87	-	-	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	-	-	-	-	<b>368</b>	<b>317</b>	-	-	-	-
<b>TOTAL COMPANY</b>										
PROVED										
Developed Producing	1,573	1,363	-	-	3,717	3,214	57	47	-	-
Developed Non Producing	3	3	-	-	207	168	4	3	-	-
Undeveloped	1,270	1,124	-	-	2,852	2,525	29	26	-	-
<b>TOTAL PROVED</b>	<b>2,846</b>	<b>2,490</b>	-	-	<b>6,777</b>	<b>5,907</b>	<b>90</b>	<b>75</b>	-	-
PROBABLE	5,696	4,871	-	-	12,271	10,474	123	104	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>8,542</b>	<b>7,362</b>	-	-	<b>19,048</b>	<b>16,382</b>	<b>213</b>	<b>179</b>	-	-

Tunisian and Hungarian taxes throughout this evaluation are based on project cash flows, assuming no financing charges, and no tax considerations outside of Tunisia and Hungary have been included.

FORM 51-101F1	TABLE 2.1.2									
NET PRESENT VALUE OF FUTURE NET REVENUE as of December 31, 2007 FORECAST PRICES AND COSTS										
RESERVE CATEGORY	NET PRESENT VALUE OF FUTURE NET REVENUE (Cdn\$ millions)									
	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
<b>CANADA</b>										
PROVED										
Developed Producing	12.0	10.7	9.6	8.8	8.1	12.0	10.7	9.6	8.8	8.1
Developed Non Producing	0.2	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>12.2</b>	<b>10.9</b>	<b>9.9</b>	<b>9.1</b>	<b>8.4</b>	<b>12.2</b>	<b>10.9</b>	<b>9.9</b>	<b>9.1</b>	<b>8.4</b>
PROBABLE	4.6	3.5	2.7	2.2	1.8	4.6	3.5	2.7	2.2	1.8
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>16.7</b>	<b>14.4</b>	<b>12.6</b>	<b>11.3</b>	<b>10.2</b>	<b>16.7</b>	<b>14.4</b>	<b>12.6</b>	<b>11.3</b>	<b>10.2</b>
<b>TUNISIA</b>										
PROVED										
Developed Producing	80.9	68.8	60.3	54.1	49.4	52.3	46.3	41.6	38.0	35.1
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	80.1	55.9	41.2	31.6	24.9	34.5	23.8	17.0	12.4	9.2
<b>TOTAL PROVED</b>	<b>161.0</b>	<b>124.7</b>	<b>101.5</b>	<b>85.7</b>	<b>74.3</b>	<b>86.8</b>	<b>70.1</b>	<b>58.6</b>	<b>50.4</b>	<b>44.3</b>
PROBABLE	429.4	240.5	166.4	128.9	106.0	183.5	108.8	78.0	61.6	51.2
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>590.4</b>	<b>365.2</b>	<b>267.9</b>	<b>214.5</b>	<b>180.3</b>	<b>270.4</b>	<b>178.9</b>	<b>136.6</b>	<b>112.0</b>	<b>95.5</b>
<b>HUNGARY</b>										
PROVED										
Developed Producing	1.0	1.0	1.0	0.9	0.9	1.0	1.0	1.0	0.9	0.9
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>
PROBABLE	1.0	0.9	0.9	0.9	0.9	1.0	0.9	0.9	0.9	0.9
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>
<b>TOTAL COMPANY</b>										
PROVED										
Developed Producing	93.8	80.4	70.9	63.8	58.4	65.3	58.0	52.2	47.7	44.0
Developed Non Producing	0.2	0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3
Undeveloped	80.1	55.9	41.2	31.6	24.9	34.5	23.8	17.0	12.4	9.2
<b>TOTAL PROVED</b>	<b>174.2</b>	<b>136.6</b>	<b>112.4</b>	<b>95.7</b>	<b>83.6</b>	<b>100.0</b>	<b>82.0</b>	<b>69.5</b>	<b>60.4</b>	<b>53.5</b>
PROBABLE	434.9	244.9	170.0	132.0	108.7	189.1	113.2	81.6	64.7	53.9
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>609.1</b>	<b>381.5</b>	<b>282.4</b>	<b>227.6</b>	<b>192.2</b>	<b>289.1</b>	<b>195.2</b>	<b>151.1</b>	<b>125.1</b>	<b>107.5</b>

FORM 51-101F1	TABLE 2.1.3a								
TOTAL FUTURE NET REVENUE (UNDISCOUNTED) as of December 31, 2007 FORECAST PRICES AND COSTS									
RESERVE CATEGORY	REVENUE	ROYALTIES	OTHER REVENUE	OPERATING COSTS	DEVELOPMENT COSTS	ABANDONMENT COSTS	FUTURE NET REVENUE BEFORE INCOME TAXES	INCOME TAXES	FUTURE NET REVENUE AFTER INCOME TAXES
	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)
<b>CANADA</b>									
TOTAL PROVED	31.6	5.9	0.0	11.5	0.5	1.5	12.2	0.0	12.2
TOTAL PROVED PLUS PROBABLE	42.1	7.8	0.0	15.3	0.7	1.6	16.7	0.0	16.7
<b>TUNISIA</b>									
TOTAL PROVED	267.8	31.1	11.5	46.8	25.9	14.4	161.0	74.2	86.8
TOTAL PROVED PLUS PROBABLE	922.2	124.7	11.5	136.1	58.4	24.0	590.4	320.1	270.4
<b>HUNGARY</b>									
TOTAL PROVED	2.9	0.4	0.0	1.0	0.0	0.5	1.0	0.0	1.0
TOTAL PROVED PLUS PROBABLE	4.0	0.6	0.0	1.0	0.0	0.5	2.0	0.0	2.0
<b>TOTAL COMPANY</b>									
TOTAL PROVED	302.3	37.4	11.5	59.4	26.4	16.4	174.2	74.2	100.0
TOTAL PROVED PLUS PROBABLE	968.3	133.1	11.5	152.4	59.1	26.0	609.1	320.1	289.1

FORM 51-101F1				TABLE 2.1.3c-i			
FUTURE NET REVENUE BY PRODUCTION GROUP as of December 31, 2007 FORECAST PRICES AND COSTS				FUTURE NET REVENUE BY PRODUCTION GROUP BEFORE INCOME TAXES			
				Net present value discounted at 10% per year			
RESERVE CATEGORY	LIGHT AND MEDIUM OIL <small>(including solution gas and other by-products)</small>	HEAVY OIL <small>(including solution gas and other by-products)</small>	NATURAL GAS <small>(including by-products but excluding solution gas from oil wells)</small>				
	(\$Cdn Millions)	(\$Cdn Millions)	(\$Cdn Millions)				
<b>CANADA</b>							
TOTAL PROVED	4.6	-	5.3				
TOTAL PROVED PLUS PROBABLE	5.5	-	7.1				
<b>TUNISIA</b>							
TOTAL PROVED	101.5	-	-				
TOTAL PROVED PLUS PROBABLE	267.9	-	-				
<b>HUNGARY</b>							
TOTAL PROVED	-	-	1.0				
TOTAL PROVED PLUS PROBABLE	-	-	1.9				
<b>TOTAL COMPANY</b>							
TOTAL PROVED	106.1	-	6.2				
TOTAL PROVED PLUS PROBABLE	273.4	-	9.0				

FORM 51-101F1				TABLE 2.1.3c-ii			
FUTURE NET REVENUE (UNIT VALUE BASIS) BY PRODUCTION GROUP as of December 31, 2007 FORECAST PRICES AND COSTS				FUTURE NET REVENUE BY PRODUCTION GROUP Net present value discounted at 10% per year			
RESERVE CATEGORY	LIGHT AND MEDIUM OIL <small>(including solution gas and other by-products)</small>	HEAVY OIL <small>(including solution gas and other by-products)</small>	NATURAL GAS <small>(including by-products but excluding solution gas from oil wells)</small>				
	(\$Cdn/bbl)	(\$Cdn/bbl)	(\$Cdn/Mcf)				
<b>CANADA</b>							
TOTAL PROVED	21.58	-	3.65				
TOTAL PROVED PLUS PROBABLE	20.46	-	3.61				
<b>TUNISIA</b>							
TOTAL PROVED	36.27	-	-				
TOTAL PROVED PLUS PROBABLE	29.16	-	-				
<b>HUNGARY</b>							
TOTAL PROVED	-	-	4.20				
TOTAL PROVED PLUS PROBABLE	-	-	5.92				
<b>TOTAL COMPANY</b>							
TOTAL PROVED	35.22	-	3.73				
TOTAL PROVED PLUS PROBABLE	28.91	-	3.93				

2.2 Supplemental Disclosure of Reserves Data (Constant Prices and Costs)

FORM 51-101F1		TABLE 2.2.1								
SUMMARY OF OIL AND GAS RESERVES as of December 31, 2007 CONSTANT PRICES AND COSTS										
RESERVE CATEGORY	RESERVES									
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS		SULFUR	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMscf)	Net (MMscf)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mlt)	Gross (Mlt)
<b>CANADA</b>										
<b>PROVED</b>										
Developed Producing	236	184	-	-	1,543	1,279	41	32	-	-
Developed Non Producing	3	3	-	-	207	168	4	3	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>239</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>1,750</b>	<b>1,447</b>	<b>45</b>	<b>35</b>	<b>-</b>	<b>-</b>
<b>PROBABLE</b>										
	64	51	-	-	638	524	16	13	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>303</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>2,388</b>	<b>1,971</b>	<b>61</b>	<b>47</b>	<b>-</b>	<b>-</b>
<b>TUNISIA</b>										
<b>PROVED</b>										
Developed Producing	1,408	1,238	-	-	2,080	1,851	16	15	-	-
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	1,270	1,115	-	-	2,852	2,504	29	26	-	-
<b>TOTAL PROVED</b>	<b>2,678</b>	<b>2,353</b>	<b>-</b>	<b>-</b>	<b>4,932</b>	<b>4,355</b>	<b>46</b>	<b>40</b>	<b>-</b>	<b>-</b>
<b>PROBABLE</b>										
	5,722	4,888	-	-	11,644	9,938	107	91	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>8,400</b>	<b>7,241</b>	<b>-</b>	<b>-</b>	<b>16,576</b>	<b>14,292</b>	<b>152</b>	<b>131</b>	<b>-</b>	<b>-</b>
<b>HUNGARY</b>										
<b>PROVED</b>										
Developed Producing	-	-	-	-	266	229	-	-	-	-
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>266</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROBABLE</b>										
	-	-	-	-	102	87	-	-	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPANY</b>										
<b>PROVED</b>										
Developed Producing	1,643	1,423	-	-	3,889	3,359	57	47	-	-
Developed Non Producing	3	3	-	-	207	168	4	3	-	-
Undeveloped	1,270	1,115	-	-	2,852	2,504	29	26	-	-
<b>TOTAL PROVED</b>	<b>2,916</b>	<b>2,540</b>	<b>-</b>	<b>-</b>	<b>6,948</b>	<b>6,031</b>	<b>90</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>PROBABLE</b>										
	5,786	4,938	-	-	12,384	10,549	123	104	-	-
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>8,702</b>	<b>7,479</b>	<b>-</b>	<b>-</b>	<b>19,332</b>	<b>16,579</b>	<b>213</b>	<b>179</b>	<b>-</b>	<b>-</b>

FORM 51-101F1										
TABLE 2.2.2										
NET PRESENT VALUE OF FUTURE NET REVENUE as of December 31, 2007 CONSTANT PRICES AND COSTS										
RESERVE CATEGORY	NET PRESENT VALUE OF FUTURE NET REVENUE (Cdn\$ millions)									
	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
<b>CANADA</b>										
<b>PROVED</b>										
Developed Producing	11.6	10.3	9.2	8.3	7.6	11.6	10.3	9.2	8.3	7.6
Developed Non Producing	.2	.2	.3	.3	.3	.2	.2	.3	.3	.3
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>11.8</b>	<b>10.5</b>	<b>9.5</b>	<b>8.6</b>	<b>7.9</b>	<b>11.8</b>	<b>10.5</b>	<b>9.5</b>	<b>8.6</b>	<b>7.9</b>
<b>PROBABLE</b>	<b>4.4</b>	<b>3.3</b>	<b>2.6</b>	<b>2.1</b>	<b>1.8</b>	<b>4.4</b>	<b>3.3</b>	<b>2.6</b>	<b>2.1</b>	<b>1.8</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>16.2</b>	<b>13.8</b>	<b>12.1</b>	<b>10.7</b>	<b>9.7</b>	<b>16.2</b>	<b>13.8</b>	<b>12.1</b>	<b>10.7</b>	<b>9.7</b>
<b>TUNISIA</b>										
<b>PROVED</b>										
Developed Producing	99.1	82.5	71.2	63.2	57.2	63.8	55.1	48.8	44.0	40.3
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	95.5	67.5	50.3	39.0	31.1	41.4	28.8	20.9	15.6	11.9
<b>TOTAL PROVED</b>	<b>194.6</b>	<b>150.0</b>	<b>121.6</b>	<b>102.2</b>	<b>88.3</b>	<b>105.3</b>	<b>83.9</b>	<b>69.7</b>	<b>59.7</b>	<b>52.2</b>
<b>PROBABLE</b>	<b>452.1</b>	<b>271.4</b>	<b>194.6</b>	<b>152.9</b>	<b>126.4</b>	<b>188.1</b>	<b>121.1</b>	<b>90.6</b>	<b>73.0</b>	<b>61.2</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>646.7</b>	<b>421.4</b>	<b>316.1</b>	<b>255.1</b>	<b>214.7</b>	<b>293.4</b>	<b>205.0</b>	<b>160.3</b>	<b>132.7</b>	<b>113.4</b>
<b>HUNGARY</b>										
<b>PROVED</b>										
Developed Producing	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2
Developed Non Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVED</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>	<b>.2</b>
<b>PROBABLE</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>	<b>.6</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>	<b>.8</b>
<b>TOTAL COMPANY</b>										
<b>PROVED</b>										
Developed Producing	111.0	93.0	80.6	71.7	65.0	75.7	65.6	58.2	52.5	48.1
Developed Non Producing	.2	.2	.3	.3	.3	.2	.2	.3	.3	.3
Undeveloped	95.5	67.5	50.3	39.0	31.1	41.4	28.8	20.9	15.6	11.9
<b>TOTAL PROVED</b>	<b>206.6</b>	<b>160.7</b>	<b>131.2</b>	<b>111.0</b>	<b>96.4</b>	<b>117.3</b>	<b>94.6</b>	<b>79.4</b>	<b>68.5</b>	<b>60.3</b>
<b>PROBABLE</b>	<b>457.1</b>	<b>275.4</b>	<b>197.8</b>	<b>155.6</b>	<b>128.8</b>	<b>193.1</b>	<b>125.0</b>	<b>93.9</b>	<b>75.7</b>	<b>63.5</b>
<b>TOTAL PROVED PLUS PROBABLE</b>	<b>663.8</b>	<b>436.1</b>	<b>329.0</b>	<b>266.6</b>	<b>225.2</b>	<b>310.4</b>	<b>219.7</b>	<b>173.2</b>	<b>144.2</b>	<b>123.8</b>

FORM 51-101F1										
TABLE 2.2.3a										
TOTAL FUTURE NET REVENUE (UNDISCOUNTED) as of December 31, 2007 CONSTANT PRICES AND COSTS										
RESERVE CATEGORY	REVENUE	ROYALTIES	OTHER REVENUE	OPERATING COSTS	ABANDONMENT COSTS	DEVELOPMENT COSTS	CREDIT / SURCHARGE	FUTURE NET REVENUE BEFORE INCOME TAXES	INCOME TAXES	FUTURE NET REVENUE AFTER INCOME TAXES
	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)	(MM\$Cdn)
<b>CANADA</b>										
<b>TOTAL PROVED</b>	29.92	5.51	-	10.84	0.45	1.29	-	11.82	-	11.82
<b>TOTAL PROVED PLUS PROBABLE</b>	39.68	7.27	-	14.30	0.65	1.29	-	16.18	-	16.18
<b>TUNISIA</b>										
<b>TOTAL PROVED</b>	302.09	36.46	11.34	46.03	11.33	25.00	-	194.60	89.32	105.28
<b>TOTAL PROVED PLUS PROBABLE</b>	953.69	131.56	11.34	115.68	14.80	56.25	-	646.74	353.32	293.42
<b>HUNGARY</b>										
<b>TOTAL PROVED</b>	1.93	0.27	-	1.00	0.44	-	-	0.22	-	0.22
<b>TOTAL PROVED PLUS PROBABLE</b>	2.67	0.37	-	1.00	0.44	-	-	0.85	-	0.85
<b>TOTAL COMPANY</b>										
<b>TOTAL PROVED</b>	333.94	42.24	11.34	57.87	12.23	26.29	-	206.64	89.32	117.32
<b>TOTAL PROVED PLUS PROBABLE</b>	996.04	139.20	11.34	130.97	15.89	57.54	-	663.77	353.32	310.45

FORM 51-101F1		TABLE 2.2.3c-i		
FUTURE NET REVENUE BY PRODUCTION GROUP as of December 31, 2007 CONSTANT PRICES AND COSTS				
RESERVE CATEGORY	FUTURE NET REVENUE BY PRODUCTION GROUP BEFORE INCOME TAXES			
	Net present value discounted at 10% per year			
	LIGHT AND MEDIUM OIL (including solution gas and other by-products) (\$Cdn Millions)	HEAVY OIL (including solution gas and other by-products) (\$Cdn Millions)	NATURAL GAS (including by-products but excluding solution gas from oil wells) (\$Cdn Millions)	
<b>CANADA</b>				
TOTAL PROVED	4.6	-	4.9	
TOTAL PROVED PLUS PROBABLE	5.5	-	6.5	
<b>TUNISIA</b>				
TOTAL PROVED	101.5	-	-	
TOTAL PROVED PLUS PROBABLE	267.9	-	-	
<b>HUNGARY</b>				
TOTAL PROVED	-	-	1.0	
TOTAL PROVED PLUS PROBABLE	-	-	1.9	
<b>TOTAL COMPANY</b>				
TOTAL PROVED	106.1	-	5.8	
TOTAL PROVED PLUS PROBABLE	273.4	-	8.4	

FORM 51-101F1		TABLE 2.2.3c-ii		
FUTURE NET REVENUE (UNIT VALUE BASIS) BY PRODUCTION GROUP as of December 31, 2007 CONSTANT PRICES AND COSTS				
RESERVE CATEGORY	FUTURE NET REVENUE BY PRODUCTION GROUP Net present value discounted at 10% per year			
	LIGHT AND MEDIUM OIL (including solution gas and other by-products) (\$Cdn/bbl)	HEAVY OIL (including solution gas and other by-products) (\$Cdn/bbl)	NATURAL GAS (including by-products but excluding solution gas from oil wells) (\$Cdn/Mcf)	
	<b>CANADA</b>			
TOTAL PROVED	20.59	-	3.38	
TOTAL PROVED PLUS PROBABLE	19.47	-	3.30	
<b>TUNISIA</b>				
TOTAL PROVED	36.68	-	-	
TOTAL PROVED PLUS PROBABLE	29.67	-	-	
<b>HUNGARY</b>				
TOTAL PROVED	-	-	4.20	
TOTAL PROVED PLUS PROBABLE	-	-	5.92	
<b>TOTAL COMPANY</b>				
TOTAL PROVED	35.49	-	3.49	
TOTAL PROVED PLUS PROBABLE	29.36	-	3.66	

**PART 3: PRICING ASSUMPTIONS**

**3.1 Constant Prices Used In Supplemental Estimates:**

The constant benchmark reference product price and exchange rate assumptions reflected in the reserves data are summarized in Table 3.1.

FORM 51-101F1										
TABLE 3.1										
SUMMARY OF PRICING ASSUMPTIONS										
Constant Prices & Exchange rates										
as of December 31, 2007										
	Oil Benchmarks		AECO Spot Gas Price	US Henry Hub Gas	Hungary Domestic Gas	Tunisia Domestic Gas	Inflation Rate	Currency Exchange Rates		
	WTI at Cushing Oklahom a	Brent @ Sollem Voe								
	US\$/bbl	US\$/bbl	C\$/GJ	US\$/Mmbtu	US\$/Mcf	US\$/Mcf	%/annum	US\$/Cdn\$	TND/US\$	HUF/US\$
All Years	95.95	93.68	6.32	N/A	7.33	9.28	0%	1.01	1.23	175

**3.2 Forecast Prices Used in Estimates**

Forecast benchmark reference product price, inflation rate and exchange rate assumptions are summarized in Table 3.2. These forecast assumptions were provided in the McDaniel and RPS Reports. It should be noted that, for evaluation consistency, the forecast of Brent oil prices used in the RPS Report was prepared using the Brent (\$US/bbl) price forecast from the McDaniel Report at the Corporation's request.

**SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS**  
**FORECAST PRICES AND COSTS**  
as of December 31, 2007

Year	Oil Benchmarks		AB Avg. Plantgate Price	Hungary Domestic Gas *	Tunisia Domestic Gas (Average of Sabria, Chouech and Zinnia *)	Inflation Rate	Currency Exchange Rates		
	WTI at Cushing Oklahoma	Brent @ Sollem Voe							
	US\$/bbl	US\$/bbl							
2008	90.00	89.00	6.60	7.53	8.81	2.00	1.00	1.23	175.4
2009	86.70	85.70	7.20	7.51	8.49	2.00	1.00	1.23	175.4
2010	83.20	82.20	7.20	7.47	8.14	2.00	1.00	1.23	175.4
2011	79.60	78.50	7.20	7.40	7.77	2.00	1.00	1.23	175.4
2012	78.50	77.40	7.30	7.51	7.66	2.00	1.00	1.23	175.4
2013	77.30	76.20	7.50	7.62	7.55	2.00	1.00	1.23	175.4
2014	78.80	77.70	7.70	7.94	7.69	2.00	1.00	1.23	175.4
2015	80.40	79.30	7.95	8.26	7.85	2.00	1.00	1.23	175.4
2016	82.00	80.80	8.20	8.57	8.00	2.00	1.00	1.23	175.4
2017	83.70	82.50	8.45	8.89	8.17	2.00	1.00	1.23	175.4
2018	85.30	84.10	8.65	9.20	8.33	2.00	1.00	1.23	175.4
2019	87.00	85.80	8.90	9.52	8.50	2.00	1.00	1.23	175.4
2020	88.80	87.50	9.20	9.83	8.66	2.00	1.00	1.23	175.4
2021	90.60	89.30	9.45	10.15	8.84	2.00	1.00	1.23	175.4
2022	92.40	91.10	9.65	10.47	9.02	2.00	1.00	1.23	175.4
2023	94.25	92.92	9.84	10.55	9.20	2.00	1.00	1.23	175.4
2024	96.13	94.78	10.04	10.66	9.38	2.00	1.00	1.23	175.4
2025	98.06	96.68	10.24	10.78	9.57	2.00	1.00	1.23	175.4
2026	100.02	98.61	10.45	10.90	9.76	2.00	1.00	1.23	175.4

Note: Columns marked with \* were not explicitly available from the McDaniel forecast. These forecast data have been generated using RPS correlations.

**Currency Abbreviations**

Cdn\$ Canadian Dollar  
HUF Hungarian Florint  
TND Tunisian Dinar  
US\$ United States Dollar

## **PART 4: RECONCILIATIONS OF CHANGES IN RESERVES**

### **4.1 Reserves Reconciliation**

A reconciliation of changes to the Corporation's net proved, net probable and net proved plus probable reserves is provided in Table 4.1. This reconciliation reflects changes to the Corporation's reserves estimated using constant prices and costs. (Note: there is no Synthetic oil reserve data to report).

**RECONCILIATION OF COMPANY GROSS RESERVES  
BY PRINCIPAL PRODUCT TYPE  
FORECAST PRICES AND COSTS**

FACTORS	LIGHT AND MEDIUM OIL (Includes NGL's)			HEAVY OIL			ASSOCIATED AND NON-ASSOCIATED GAS		
	Gross Proved (Mbb)	Gross Probable (Mbb)	Gross Proved + Probable (Mbb)	Gross Proved (Mbb)	Gross Probable (Mbb)	Gross Proved + Probable (Mbb)	Gross Proved (MMscf)	Gross Probable (MMscf)	Gross Proved + Probable (MMscf)
<b>CANADA</b>									
<b>December 31, 2006</b>	290.70	97.80	388.50	-	-	-	1,532.60	695.90	2,228.50
Extensions	1.50	.90	2.40	-	-	-	61.00	38.00	99.00
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	27.70	(34.60)	(6.90)	-	-	-	572.10	(153.80)	418.30
Discoveries	1.50	.90	2.40	-	-	-	120.00	56.00	176.00
Acquisitions	-	-	-	-	-	-	3.10	1.00	4.10
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	11.00	6.00	17.00	-	-	-	1.00	-	1.00
Production + Inventory changes	(56.70)	-	(56.70)	-	-	-	(544.00)	-	(544.00)
<b>December 31, 2007</b>	275.70	71.00	346.70	-	-	-	1,745.80	637.10	2,382.90
<b>TUNISIA</b>									
<b>December 31, 2006</b>	2,395.93	4,259.84	6,655.77	-	-	-	4,406.93	8,453.62	12,860.56
Extensions	84.03	-	84.03	-	-	-	-	-	-
Improved Recovery	495.32	1,824.48	2,319.80	-	-	-	156.27	699.23	855.50
Technical Revisions	249.99	(679.06)	(429.08)	-	-	-	967.08	2,566.06	3,533.15
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	(150.32)	342.45	192.13	-	-	-	(214.89)	(427.80)	(642.70)
Production + Inventory changes	(414.18)	-	(414.18)	-	-	-	(309.90)	-	(309.90)
<b>December 31, 2007</b>	2,660.77	5,747.71	8,408.48	-	-	-	5,005.49	11,291.11	16,296.60
<b>HUNGARY</b>									
<b>December 31, 2006</b>	-	-	-	-	-	-	1,056.11	472.09	1,528.20
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	(131.49)	11.03	(120.45)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	45.84	(381.39)	(335.56)
Production + Inventory changes	-	-	-	-	-	-	(704.14)	-	(704.14)
<b>December 31, 2007</b>	-	-	-	-	-	-	266.32	101.73	368.04
<b>TOTAL COMPANY</b>									
<b>December 31, 2006</b>	2,686.63	4,357.64	7,044.27	-	-	-	6,995.64	9,621.61	16,617.25
Extensions	85.53	.90	86.43	-	-	-	61.00	38.00	99.00
Improved Recovery	495.32	1,824.48	2,319.80	-	-	-	156.27	699.23	855.50
Technical Revisions	277.69	(713.66)	(435.98)	-	-	-	1,407.70	2,423.30	3,830.99
Discoveries	1.50	.90	2.40	-	-	-	120.00	56.00	176.00
Acquisitions	-	-	-	-	-	-	3.10	1.00	4.10
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	(139.32)	348.45	209.13	-	-	-	(168.06)	(809.20)	(977.25)
Production + Inventory changes	(470.88)	-	(470.88)	-	-	-	(1,558.04)	-	(1,558.04)
<b>December 31, 2007</b>	2,936.47	5,818.71	8,755.18	-	-	-	7,017.61	12,029.94	19,047.55

## PART 5: ADDITIONAL INFORMATION RELATING TO RESERVES DATA

### 5.1 Undeveloped Reserves

The Corporation's undeveloped reserves are all associated with its Canadian and Tunisian properties. Most of these reserves are designated within the undeveloped category:

1. relatively significant capital expenditures will be required in order to render these reserves capable of production (Tunisia)
2. there is significant upside in the production performance from existing or future planned wells (Canada and Tunisia).

Plans for future development of these undeveloped reserves (based on Forecast Prices) are summarized below:

## **Canadian Properties**

The Canadian Assets have been determined by McDaniel to contain undeveloped reserves (gross, working interest proved plus probable) of 58mmbbls of oil, 844mmscf of gas and 20mmbbls of associated liquids. The large majority of these reserves are assigned to various wells in the Brazeau, Ferrier, Taber and Sunchild assets and are associated with the production performance of the existing wells.

## **Tunisian Properties**

### **Sabria**

Sabria is an established oilfield producing from the Ordovician Hamra sandstone. With the aid of 3D seismic acquired and interpreted over the whole concession, distinct areas with a high degree of natural fracturing have been identified. Oil is being currently produced from 4 horizontal wells and it is the Corporation's position that horizontal wells appear to be the optimal development approach for intersecting the fractures thought necessary for commercial production. Winstar has a 45% working interest in the Sabria concession.

RPS assigns 1,775 Mboe Gross Proved Undeveloped and 6,474 MBoe Probable Additional Undeveloped reserves to the Sabria field (Winstar's 45% WI). The Proved Undeveloped volumes are forecast to be recovered from the infill drilling of one undeveloped proved reserve locations and deepening one well in 2008 and drilling one new horizontal well, drilling a lateral sidetrack from one existing producer and lengthening the horizontal leg in one existing producer in 2008. The probable undeveloped reserves are associated with two more horizontal wells and two additional sidetracks in an existing well, to be drilled in 2008 and 2009.

### **Chouech Essaida**

The producing and prospective reservoirs are Triassic channel sands. During 2007 Winstar has been successful in conducting remedial operations on one well (CS-1), resulting in adding a new productive sand into the reserves, and repairing the high volume artificial lift pump in one well (CS-7). At year end 2007, there are four producing wells onstream.

RPS assigns 852 Mboe (Winstar 100% WI share) Gross Probable Additional Undeveloped reserves to the Chouech Essaida field. These volumes are forecast to be recoverable from drilling and completing two production wells in 2008, obtaining better than forecast production performance from existing wells and from completing field facilities to tie-in and transport sales gas in 2008.

### **Zinnia**

At Zinnia, there is one producing well (ZNN-2D) completed in the upper Cretaceous Abiod limestone reservoir. A second well (ZNN-1) is used as a water disposal well. RPS assigns no Undeveloped Proved reserves to Zinnia and forecasts 18 Mboe of additional Probable developed reserves due to more favorable decline performance of the producing well.

## **Sanrhar**

At Sanrhar, there is one well (SNN-1) producing from the Triassic sandstone reservoir. Winstar may consider drilling new wells for deeper horizons on the same structure depending on economic conditions. In 2007, Winstar replaced the mechanical artificial lift pump with a higher volume capacity electrical submersible pump in the SNN-1 well, resulting in sustained uplift in productivity.

RPS assigns no Undeveloped Proved reserves to Sanrhar and forecasts 234 Mboe of additional Probable developed reserves associated with continued sustained uplift performance of the ESP artificial lift system in SNN-1.

## **Ech Chouech**

Agip, as previous operator, drilled five wells in this concession to the Devonian (approx. 3,800m depth). Two wells proved to be productive. One well (EC-1) has produced 164,000 bbls and is suspended due to a wellbore mechanical problem. A second well (EC-4), which is currently suspended, had a successful initial production test but was never put on permanent production. The EC-4 well was tested in 2007, with uneconomic oil rates. The well remains suspended pending future development planning. It is the Corporation's intent to attempt to reactivate and place on production the EC-1 well during 2008.

RPS assigns 52 Mboe Gross Probable Undeveloped reserves to the Ech Chouech field in anticipation of The Corporation re-activating the EC-1 well .

## **Hungarian Properties**

### **Törökkoppany**

The Törökkoppany field, is fully developed, with compression successfully installed in 2006. The field is on decline, and no undeveloped reserves are assigned.

### **5.2 Significant Factors or Uncertainties**

Aside from the potential impact of material fluctuations in commodity prices, other significant factors or uncertainties that may affect either the Corporation's reserves or the future net revenue associated with such reserves include:

#### **Canada -**

Technical risk associated with producing natural gas and associated liquids from relatively low permeability reservoirs.

#### **Tunisia**

Technical risk associated with finding the areas of reservoir fracturing in Sabria.

Hungary

The technical risks associated with the final stages of field decline performance for Torokkoppany.

Material changes to existing taxation or royalty rates and/or regulations in any of the countries in which the Corporation operates.

FORM 51-101F1		TABLE 5.3	
		SUMMARY OF ESTIMATED DEVELOPMENT COSTS ATTRIBUTABLE TO RESERVES USING FORECAST PRICES AND COSTS	
		ESTIMATED DEVELOPMENT COSTS (\$Cdn millions)	
		TOTAL PROVED	TOTAL PROVED + PROBABLE
<b>CANADA</b>			
2008		0.46	0.66
2009		-	-
2010		-	-
2011		-	-
2012		-	-
<b>Total all years</b>		0.46	0.66
<b>TUNISIA</b>			
2008		21.26	40.37
2009		4.64	18.05
2010		-	-
2011		-	-
2012		-	-
<b>Total all years</b>		25.90	58.42
<b>HUNGARY</b>			
2008		-	-
2009		-	-
2010		-	-
2011		-	-
2012		-	-
<b>Total all years</b>		-	-
<b>TOTAL COMPANY</b>			
2008		21.72	41.03
2009		4.64	18.05
2010		-	-
2011		-	-
2012		-	-
<b>Total all years</b>		26.36	59.08

**5.3 Future Development Costs**

A summary of the estimated development costs deducted in the estimation of future net revenue attributable to various reserves categories and prepared under various price and cost assumptions are summarized in the following table.

The Corporation expects to fund its estimated future development costs through some combination of internally generated cash flow and debt financing, or the possible sale of existing assets. There can be no guarantee that funds will be available or that the Board of Directors of the Corporation will allocate funding to develop all of the reserves requiring development in the RPS and McDaniel Reports. Failure to develop such reserves could negatively impact future net revenue.

The Corporation's weighted average cost of capital is between six and ten percent, depending upon the assumptions used. The effect of these costs of capital on funding the Corporation's reserves and future net revenue is not expected to be material.

## **PART 6: OTHER OIL AND GAS INFORMATION**

### **6.1 Oil and Gas Properties and Wells**

The following discussion outlines the Corporation's important properties, plants, facilities and installations:

The producing lands of Ferrier (Twp 40-44, Rge 8-10W5M), Taber (Twp 8, Rge 15W4M), Sunchild (Twp 43, Rge 11W5M) and Brazeau River Twp 45, Rge 11W5) represent 86% of the Corporation's NPV10 value of its Canadian Assets. All are located onshore and all are producing assets. All producing lands are held until the lands are no longer productive at which time, the individual spacing units revert back to the crown.

The principal property of the Corporation in Tunisia is the onshore oil producing Sabria concession which represents 85% of the Corporation's net asset value in Tunisia. The state oil Corporation, ETAP, has already exercised its right to back in to the concession and no other relinquishments, surrenders or back-ins are anticipated until the concession expiry term in the year 2028.

The Ech Chouech concession in Tunisia is thought to be capable of commercial production but is not currently producing. The field is tied into the Chouech Essaida separation and shipping facility via a 100% owned 13km long, four inch gathering pipeline.

The principal property of the Corporation in Hungary is the onshore gas producing Torokkoppany Mining Permit which represents 100% of the Corporation's value in Hungary. There is a small (15mmscf/d capacity) dehydration and separation facility to process the gas from the Corporation's two wells. There are no non-producing wells or properties that the Corporation has that are thought to be capable of production. There are no surrenders, back-ins or changes in ownership anticipated.

### **Oil and Gas Wells**

The following table sets forth the number and status of Winstar's crude oil and natural gas wells in as at December 31, 2007.

	<u>Crude Oil</u>		<u>Natural Gas</u>		<u>Suspended(1)</u>		<u>Service(2)</u>		<u>Total</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Canada	20	15.3	22	7.8	41	25.6	1	1	84	49.6
Tunisia	10	7.8	-	-	<u>1</u>	<u>1</u>	2	2	<u>13</u>	<u>10.8</u>
Hungary	0	0	2	2	0	0	0	0	2	2
<b>TOTAL</b>	<u>30</u>	<u>23.1</u>	<u>24</u>	<u>9.8</u>	<u>42</u>	<u>26.6</u>	<u>3</u>	<u>3</u>	<u>99</u>	<u>62.4</u>

Notes:

1. “Suspended” wells means wells which are capable of production but which, for a variety of reasons, including, but not limited to lack of markets or development are not placed on production at the present time.
2. “Service” wells are used for the disposal or injection of water.

### **6.2 Properties with No Attributed Reserves**

The Corporation’s unproved, undeveloped properties, including those for which the Corporation expects its rights to explore, develop and exploit to expire within one year, are outlined in the following table.

	<u>Canada</u>	<u>Tunisia</u>	<u>Hungary</u>
Unproved Properties			
(Total Corporation):			
Gross Area (acres)	66,233	155,934	567,880
Net Area (acres)	34,370	143,081	567,880
Work Commitments	0	0	1 expl. well
Unproved Properties expected to expire in 2008:			
Gross Area (acres)	5483	0	0
Net Area (acres)	2727	0	0
Work Commitments		0	0

### ***6.3 Forward Contracts***

The Corporation is not bound by any agreements which may impact the realization of future full market prices for its oil and gas production as described in this report.

The Corporation has no transportation obligations or commitments for future deliveries which exceed its expected related future production from proved reserves, as estimated using forecast prices and costs.

### **6.4 Additional Information Concerning Abandonment and Reclamation Costs**

Winstar uses historical costs to estimate its abandonment and reclamation costs when available. The costs are estimated on an area by area basis. If representative comparisons are not readily available, an estimate is prepared based on the various regulatory abandonment requirements.

**Canada** - the Corporation has 49.6 net wells that it anticipates abandoning over the next 14+ years for an undiscounted cost net of salvage value of \$1,545,700 or \$728,000 (10% discounted forecast price)

**Tunisia** - Winstar has 10.8 net wells for which it expects to incur abandonment and reclamation costs. The total of such costs, forecast net of estimated salvage value, is \$10.79 million (undiscounted) and \$4.43 million (10% discounted forecast price) 100% of such amounts were deducted as abandonment and reclamation costs in estimating future net revenue of Winstar disclosed above.

**Hungary** - Winstar estimates that the abandonment cost for the Törökoppany wells and facility will amount to approximately (undiscounted) \$0.46 million or \$0.43 million (10% discounted forecast price) based on in-house engineering and operational estimates and anticipated abandonment in 2008.

Estimate abandonment costs for the next three years are as follows for the Corporation on a consolidated basis:

**Total Consolidated Forecast Prices and Costs (Total Proved) (\$000)**

<b>Year</b>	<b>Abandonment Costs (Undiscounted)</b>	<b>Abandonment Costs (Discounted at 10%)</b>
2008	65.0	61.0
2009	47.0	41.0
2010	32.0	25.0
<b>TOTAL</b>	144.0	127.0

**6.5 Tax Horizon**

Canada: Canadian operations are not forecast to become taxable under the forecast price scenario.

Tunisia: The Sabria concession is forecast to become marginally taxable in 2008 and beyond under the forecast price scenario for proved reserves. The Chouech Essaida concession became taxable in 2007.

Hungary: The Torokkoppany mining plot is not forecast to become taxable.

**6.6 Costs Incurred**

For the year ended December 31, 2007, the Corporation incurred costs related to its acquisition, exploration and development activities as outlined in the following table.

	<u>Costs Incurred (\$000)</u>		
	<u>Canada</u>	<u>Tunisia</u>	<u>Hungary</u>
Property Acquisition Costs:			
Proved Properties	0	0	0
Unproved Properties	0	0	0
Exploration Costs	6,129*	0	0
Development Costs	2,251**	24,880	(41)

\* These costs include charges of \$2,986,353 associated with the drilling of the New Pool Wildcat designated Strachan 8-10-38-10W5M well.

\*\* These costs include \$547,450 associated with drilling lease construction for 2 wells that were expected to be drilled in 2007/08 but are currently not on the Corporation's drilling schedule.

Both of the above noted Capital costs items were not included in the Corporation's F1 Report for the year 2006 as the noted operations were considered to be "work in progress" at the end of 2006 reporting year.

### **6.7 Exploration and Development Activities**

The Corporation's drilling activity and results for the year ended December 31, 2007 are summarized in the following table. It should be noted that the data outlined in this table reflects those wells that the Corporation participated in and where the rig was released during the period. The difference between the gross and net wells represents the Corporation's contribution to the capital expense of the wells.

	Exploratory Wells		Development Wells	
	Gross	Net	Gross	Net
Canada				
Oil Wells	0	0	0	0
Gas Wells	2	0.52	2	0.32
Service Wells	0	0	0	0
Suspended Wells	0	0	0	0
Abandoned Wells	0	0	0	0
Total Wells	<u>2</u>	<u>0.52</u>	<u>2</u>	<u>0.32</u>
Tunisia				
Oil Wells	0	0	1	.45
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Suspended Wells	0	0	0	0
Abandoned Wells	0	0	0	0
Total Wells	<u>0</u>	<u>0</u>	<u>1</u>	<u>0.45</u>
Hungary				
Oil Wells	0	0	0	0
Gas Wells	0	0	0	0
Service Wells	0	0	0	0
Suspended Wells	0	0	0	0
Abandoned Wells	0	0	0	0
Total Wells	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Corporation's important exploration and development activities are summarized as follows:

**Canada:**

During 2007, The Corporation drilled 2 development wells in the Ferrier and Gordondale areas. Two exploration wells were drilled in the West Pembina and Strachan areas .

**Tunisia:**

During 2007, The Corporation undertook no exploration activity. Development activity was comprised of the completion of the drilling of Sabria 11 well, installation of high volume artificial lift in Chouech Essaida and Sanghar, and workovers of wells in Chouech Essaida and Ech Chouech.

**Hungary**

During 2007, the Corporation drilled no exploration wells and undertook no development activities in Hungary.

**6.8 Production Estimates**

Estimated production volumes derived from the first year (2008) of the cash flow forecasts prepared in conjunction with the Corporation's reserves data (and included in the McDaniel and RPS Reports) are provided in the following table.

FORM 51-101F1	TABLE 6.8		
SUMMARY OF PRODUCTION ESTIMATES PROVED + PROBABLE RESERVES CASE FOR YEAR 2008			
RESERVE CATEGORY	Estimated Production - 2008		
	LIGHT AND MEDIUM OIL (Mbbbl)	NATURAL GAS (MMscf)	NATURAL GAS LIQUIDS (Mbbbl)
<b>CANADA</b>			
<b>Total Corporation Significant Fields<sup>(1)</sup></b>	42.1	484.3	12.2
Brazeau River	0.1	137.2	2.1
Ferrier	2.7	148.9	5.5
Taber	31.0	-	-
Sunchild	0.1	96.9	2.1
Willesden Green	1.2	38.4	1.1
<b>TUNISIA</b>			
<b>Total Corporation Significant Fields<sup>(1)</sup></b>	637.0	932.6	7.4
Sabria	321.2	721.5	7.4
Chouech Essaida	252.3	150.5	-
<b>HUNGARY</b>			
<b>Total Corporation Significant Fields<sup>(1)</sup></b>	-	368.0	-
Törökkoppany	-	368.0	-

(1): Significant fields represent greater than 20% of Corporation total (by country) of production in first year of forecast

## 6.9 Production History

The Corporation's historical production and netback data for period ended December 31, 2007 is presented in Table 6.9.

FORM 51-101F1															
TABLE 6.9															
SUMMARY OF															
2007 COMPANY SHARE OF PRODUCTION AND NETBACKS															
RESERVE CATEGORY	LIGHT AND MEDIUM OIL					NATURAL GAS					NATURAL GAS LIQUIDS				
	Q1	Q2	Q3	Q4	Total Year	Q1	Q2	Q3	Q4	Total Year	Q1	Q2	Q3	Q4	Total Year
<b>CANADA</b>															
Company share of daily production (Bbl/d or Mscf/d before deduction of royalties)															
Average (\$/bbl, or \$/Mcf)															
Price received	52.75	56.55	61.45	68.79	59.28	7.88	7.68	5.72	6.75	7.04	56.59	60.15	62.54	72.91	62.39
Royalties paid	9.18	11.18	10.32	12.09	10.58	1.38	0.47	0.53	0.91	0.82	12.21	12.14	16.23	17.70	14.37
Production costs	15.68	19.48	23.16	18.36	19.19	2.61	3.25	3.86	3.06	3.20	15.68	19.48	23.16	18.36	19.19
Netback	27.88	25.89	27.98	38.34	29.51	3.88	3.96	1.33	2.79	3.02	28.70	28.53	23.15	36.85	28.84
<b>Total Annual Production</b> (Mbl or MMScf before deduction of royalties)	10,564	10,574	11,455	7,692	40,285	143,356	144,816	133,900	121,212	543,284	3,928	3,730	3,801	2,913	14,372
Important fields (greater than 20% of Total)															
Taber	97	88	117	105	102	-	-	-	-	-	-	-	-	-	-
Ferrier															
Strachan															
Others??															
<b>TUNISIA</b>															
Company share of daily production (Bbl/d or Mscf/d before deduction of royalties)															
Average (\$/bbl, or \$/Mcf)															
Price received	68.62	75.37	77.63	88.58	77.42	6.94	7.10	7.33	8.18	7.51	-	-	-	-	-
Royalties paid	8.55	11.37	9.14	10.75	9.97	0.22	1.25	0.44	0.42	0.49	-	-	-	-	-
Production costs	19.38	11.92	11.94	11.22	13.33	3.23	1.99	1.99	1.87	2.22	-	-	-	-	-
Netback	40.69	52.08	56.55	66.61	54.12	3.49	3.86	4.90	5.89	4.80	-	-	-	-	-
<b>Total Annual Production</b> (Mbl or MMScf before deduction of royalties)	84,912	89,322	110,514	111,512	396,260	70,401	38,191	94,220	109,453	312,265	-	-	-	-	-
Important fields (greater than 20% of Total)															
Sabria	16,882	16,583	41,488	37,341	112,294	38,124	38,191	94,220	86,773	257,309	-	-	-	-	-
Chouech Essaida	61,526	63,103	55,446	60,606	240,681	-	-	-	-	-	-	-	-	-	-
<b>HUNGARY</b>															
Company share of daily production (Bbl/d or Mscf/d before deduction of royalties)															
Average (\$/bbl, or \$/Mcf)															
Price received	-	-	-	-	-	9.53	10.14	9.08	7.95	9.06	-	-	-	-	-
Royalties paid	-	-	-	-	-	1.33	1.25	1.23	1.20	1.27	-	-	-	-	-
Production costs	-	-	-	-	-	0.84	3.93	1.96	1.77	1.63	-	-	-	-	-
Netback	-	-	-	-	-	7.37	4.96	5.89	4.98	6.16	-	-	-	-	-
<b>Total Annual Production</b> (Mbl or MScf before deduction of royalties)	-	-	-	-	-	314,278	83,852	87,922	218,094	704,146	-	-	-	-	-
Important fields (greater than 20% of Total)															
TorokkoppányField represents 100% of above	-	-	-	-	-	3,492	921	956	2,371	1,929	-	-	-	-	-

### Competition in the Oil and Gas Industry

The oil and gas industry is highly competitive. Competition includes bidding for oil and natural gas rights and sale of oil and natural gas wherein price is the main determinant. In searching for oil and gas prospects, the Corporation competes with other companies and individuals, some of which have greater resources than the Corporation. In addition, the oil and gas industry also competes with other industries in supplying the energy needs of consumers.

The marketability of oil and natural gas discovered by the Corporation will be affected by numerous factors beyond its control. These factors include crude oil and natural gas prices, proximity and capacity of oil and natural gas processing and transportation facilities, governmental production regulations, Organization of Petroleum Exporting Countries (“OPEC”) and non-OPEC production quotas, royalty rates, currency fluctuations and potential civil disturbances.

The management of, and consultants utilized by, the Corporation possess a high level of technical expertise. The Corporation’s expertise is enhanced through the use of sophisticated analytical tools such as computer work stations for effective interpretation, computer mapping systems and extensive technical data banks. However, the Corporation recognizes that other companies and individuals with greater resources may have access to greater expertise.

[End of section entitled “Reserves Data and Other Oil and Gas Information”]

## **RISK FACTORS**

The Corporation is subject to risk factors due to its involvement in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas and its current stage of development.

### **Failure to Realize Anticipated Benefits of Acquisitions and Dispositions**

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation’s ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses may require substantial management effort, time and resources and may divert management’s focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Corporation.

### **Operations**

To the extent that the Corporation is not the operator of its oil and natural gas properties, the Corporation will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators. As a result, there is no assurance that the development work required to bring the proven non-producing properties of the Corporation to proven producing status will be completed.

### **Exploration and Development**

The Corporation is engaged in oil and natural gas exploration and development drilling, which is a high-risk venture with uncertain prospects for success. No assurance can be given that commercial accumulations of oil or natural gas will be discovered as a result of the efforts of the Corporation and shareholders must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of the Corporation.

## **Replacement Reserves**

In general, the volume of production from oil and natural gas properties declines as reserves are depleted. The decline rates depend on reservoir characteristics and vary from reservoir to reservoir. Except to the extent the Corporation acquires properties containing proved reserves or conducts successful development and exploration activities, or both, the reserves of the Corporation will decline as reserves are produced. The Corporation's future natural gas and oil production is, therefore, highly dependent upon its level of success in finding or acquiring additional reserves. The business of exploring for, developing or acquiring reserves is capital intensive. To the extent cash flow from operations is reduced and external sources of capital become limited or unavailable, the Corporation's ability to make the necessary capital investment to maintain or expand its asset base of oil and gas reserves would be impaired. In addition, there can be no assurance that the Corporation's future development, acquisition and exploration activities will result in additional reserves or that the Corporation will be able to drill productive wells at acceptable costs.

## **Operating Hazards and Drilling Risks**

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, hazards such as fire, explosion, blowouts, and oil spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. Although the Corporation or the operators of the wells maintain liability insurance in an amount which they consider adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Drilling involves numerous risks, including the risk that no commercially productive oil and gas reservoirs will be encountered. The cost of drilling and completing wells is often unpredictable, and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, weather conditions and shortages or delays in delivery of equipment. There can be no assurance as to the success of the Corporation's future drilling activities.

## **Industry Conditions**

The oil and natural gas industry is highly competitive and the Corporation must compete with many companies with greater financial strength and technical resources. Generally, there is intense competition for the acquisition of resource properties considered to have commercial potential. Prices paid for both oil and gas produced are subject to market fluctuations and will directly affect the profitability of producing any oil or gas reserves which may be acquired or developed by the Corporation.

Oil and natural gas operations, including lease acquisitions, are subject to extensive government regulation. Operations may be affected from time to time in varying degrees by political and environmental developments, such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls and changes in conditions under which oil and gas may be exported. Sales are subject to the authorization of state, provincial and federal government agencies. Competition may also be presented by alternative fuels.

## **Government Regulation**

The Corporation's oil and natural gas operations in Canada are subject to various Canadian federal, provincial and local governmental regulations. Matters subject to regulation include permits for drilling operations, reports concerning operations, the spacing of wells, and unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and natural gas wells below actual production capacity in order to conserve supplies of oil and natural gas. The production, handling, storage, transportation and disposal of oil and natural gas, by-products thereof and other substances and materials produced or used in connection with oil and natural gas operations are also subject to regulation under federal, state, provincial and local laws and regulations primarily relating to the protection of human health and the environment. To date, expenditures related to complying with these laws and for remediation of existing environmental contamination have not been significant in relation to the results of operations of the Corporation. Although the Corporation believes it is in substantial compliance with all applicable laws and regulations, the requirements imposed by such laws and regulations are frequently changed and subject to interpretation, and the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on its operations.

In the areas where the Corporation conducts activities there are statutory laws and regulations governing the activities of oil and gas companies. These laws and regulations allow administrative agencies to govern the activities of oil companies in the development, production and sale of both oil and gas. Changes in these laws and regulations may substantially increase or decrease the costs of conducting any exploration or development project. The Corporation believes that its operations comply with all applicable legislation and regulations and that the existence of such regulations has no more restrictive effect on the Corporation's method of operations than on similar companies in the industry.

## **Environmental**

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Corporation's financial condition, results of operations or prospects.

In 1994, the United Nations' Framework Convention on Climate Change came into force and three years later led to the Kyoto Protocol (the "Protocol"). The Protocol came into force on February 16, 2005 and requires certain nations to reduce their emissions of carbon dioxide and other greenhouse gases. Under the terms of the Protocol, Canada will be required to reduce its greenhouse gas emissions to 6% below 1990 levels over the period beginning in 2008 and ending in 2012. In response to the Protocol, the Canadian federal government introduced the Regulatory Framework for Air Emissions (the "Regulatory Framework") for regulating air pollution and industrial greenhouse gas emissions by establishing mandatory emissions reduction requirements on a sector basis. Sector specific regulations are expected to come into force in 2010 and would be based on percentages rather than absolute reductions. The Regulatory Framework also proposes an emissions credit trading system. Currently, Canadian oil and gas producers are in discussions with the provincial and federal levels of government regarding implementation mechanisms for the industry. It is premature to predict what impact the Protocol could have on Canadian oil and gas producers (and specifically, if and in what manner it will be implemented) but it is likely that any mandated reduction in greenhouse gas emissions will result in increased costs.

Future federal legislation, together with provincial emission reduction requirements, such as those required under the *Climate Change and Emissions Management Act* (Alberta), may require the reduction of emissions or emissions intensity produced by the Corporation's operations and facilities. The direct or indirect costs of these regulations may adversely affect the business of the Corporation.

### **Royalty Rates and Regulations are Subject to Change**

On October 25, 2007, the Government of Alberta announced a new Alberta Royalty Framework (ARF), the ARF establishes new royalties for conventional oil, natural gas, and bitumen that are linked to price and production levels and apply to both new and existing conventional oil and gas activities. The changes introduced by the ARF are to be effective January 1, 2009. Certain proposed changes contemplate further public and/or industry consultation. If, as a result of such examination, the Government of Alberta ultimately further modifies the province's royalty regime prior to the implementation of the ARF, or if other jurisdictions in which the Corporation operates change their royalty regimes, such changes could have a material adverse effect on the Corporation's assets, results of operations and its ability to execute its business plan.

### **Price Volatility**

The Corporation's revenue, profitability and future rate of growth are also substantially dependent upon the prevailing prices of, and demand for, oil and natural gas. Prices for oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond the control of the Corporation. These factors include the level of consumer product demand, weather conditions, domestic and foreign governmental regulations, the price and availability of alternative fuels, political conditions in the Middle East, the foreign supply of oil and natural gas, the price of oil and gas imports and overall economic conditions. From time to time, excess domestic and imported supplies have depressed oil and gas prices. There can be no assurance that current price levels will be sustained. It is impossible to predict future oil and natural gas price movements with any certainty. Declines in oil and natural gas prices will adversely affect the Corporation's financial condition, liquidity and results of operations and may reduce the amount of the Corporation's oil and natural gas that can be produced economically.

The exchange rate differential between the Canadian and U.S. dollar also affects the profitability of the Corporation. World oil prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. exchange rate that may fluctuate over time. The Corporation may reduce the impact of fluctuation to foreign exchange fluctuations by using risk management tools related to foreign exchange rates and commodity prices. The Corporation has not entered into any foreign exchange contracts at this time.

### **Marketability**

The marketability of oil and natural gas acquired or discovered will be affected by numerous factors beyond the control of the Corporation. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time.

### **Substantial Capital Requirements**

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. In the event the Corporation's revenues or reserves decline, the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

### **Additional Funding Requirements**

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Corporation.

## **Issuance of Debt**

From time to time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Corporation's debt levels above industry standards. Depending on future exploration and development plans, the Corporation may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time, could impair the Corporation's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

## **Hedging**

From time to time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation would not benefit from the fluctuating exchange rate for the fixed price agreement amount.

## **Title**

No assurances can be given that title defects to the assets owned by the Corporation do not exist. If title defects do exist, it is possible that the Corporation may lose all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

## **Reserve Estimates**

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and cash flows to be derived therefrom, including many factors beyond the Corporation's control. The reserve and associated cash flow information set forth in this Annual Information Form represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, McDaniel and RPS, the independent evaluators, have used both constant and forecast price and cost estimates in calculating reserve quantities included in this Annual Information Form. Actual future net revenue will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and revenues derived therefrom will vary from the estimates contained in the McDaniel Report and RPS Report, and such variations could be material. The McDaniel Report and RPS Report are based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the McDaniel Report and RPS Report will be reduced to the extent that such activities do not achieve the level of success assumed in such reports.

### **Insurance**

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although prior to drilling the Corporation will obtain insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position, results of operations or prospects.

### **Management of Growth**

The Corporation may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

## **Foreign Operations**

The Corporation's oil and natural gas activities will be subject to extensive controls and regulations imposed by various governments, which may be amended from time to time and foreign oil and gas operations are subject to political, economic and other uncertainties. Those uncertainties include: (i) the risk of war, revolution, border disputes, expropriation, renegotiation or modification of existing contracts, import, export and transportation regulations and tariffs resulting in loss of revenue, property and equipment; (ii) nationalization of assets by foreign governments; (iii) taxation policies, including royalty and tax increases and retroactive tax claims; (iv) exchange controls, currency fluctuations and other uncertainties arising out of foreign government sovereignty over oil and gas properties; (v) laws and policies of Canada affecting foreign trade, taxation and investment; and (vi) the possibility of being subjected to the jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of the courts of Canada, all of which could adversely affect the outcome of a legal dispute. Political instability in other countries could result in new governments or the adoption of new policies, laws or regulations that might exhibit a substantially more hostile attitude toward foreign investment in general or the Corporation in particular. In an extreme case, such change could result in termination of contract rights (including, without cause) and expropriation or nationalization of assets owned by foreign entities. Any such activity could result in significant loss to the Corporation. In addition, the Corporation may be at a disadvantage in that it may be required to compete against corporations or other entities from countries that are not subject to Canadian laws and regulations, including the *Corruption of Foreign Public Officials Act* (or similar legislation of other jurisdictions, including the United States *Foreign Corrupt Practices Act*). Residents or nationals of countries not subject to such legal régimes may offer inducements to foreign governments and foreign public officials to entice such governments and officials to deal with them to the disadvantage of the Corporation.

Foreign oil and gas operations involve substantial costs and are subject to certain risks owing to the underdeveloped nature of the oil and gas industry in such countries. The oil and gas industry in various countries is not as developed as the oil and gas industry in Canada and the United States. As a result, drilling and development operations may take longer to complete and may cost more than similar operations in Canada and the United States. The availability of technical expertise, specific equipment and supplies is more limited in various countries than in Canada and the United States. Such factors may subject oil and gas operations in other countries to economic and operating risks not experienced in Canada and the United States.

## **Oil and Gas Operations**

The Corporation's operations are subject to all the risks normally incident to the exploration for and product of oil and gas including geological risks, operating risks, potential risks, development risks, marketing risks, and logistical risks of operation in Canada, Tunisia and Hungary.

## **Tax Considerations**

The Canadian federal and provincial tax treatment of oil and natural gas activities has a material effect on the advisability of investing in the Common Shares. The return on a holder's investment is subject to changes in federal and provincial tax laws. There can be no assurance that the income tax legislation in Canada will not be amended so as to fundamentally alter the tax consequences of holding or disposing of the Common Shares.

## **Foreign Officers and Directors**

Certain of the directors or officers of the Corporation, named herein, reside outside of Canada. Certain of the assets of the Corporation are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and officers referred to above. It may also not be possible to enforce against certain of the Corporation's directors and officers named herein judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

## **Reliance on Key Personnel**

The Corporation's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse affect on the Corporation. The Corporation does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of the Corporation are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation's authorized share capital consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of First and Second Preferred Shares. All of the Common Shares are fully paid and non-assessable. As at December 31, 2007 there were 33,983,832 Common Shares issued and outstanding and no preferred shares were issued and outstanding.

Each Common Share entitles its holder to receive notice of and to attend all meetings of the shareholders of the Corporation (other than meetings at which only the holders of shares of other classes are entitled to vote pursuant to the *Business Corporations Act* (Alberta) and to one vote at such meetings. The holders of Common Shares are, subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares and any other class of shares ranking senior to the Common Shares, entitled to receive and participate rateably in any dividends declared by the Board of Directors of the Corporation. The holders of the Common Shares are entitled to participate rateably in any distribution of the assets of the Corporation upon the liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding up its affairs. Such participation is subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares and any other class of shares ranking senior to the Common Shares.

The First Preferred Shares are issuable in one or more series and subject to the articles, the Board of Directors is authorized to fix the number of shares in a series and the designation, rights, privileges, restrictions and conditions attaching to the shares of each series of First Preferred Shares. The First Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the First Preferred Shares of every other series and be entitled to preference over the Second Preferred Shares and the Common Shares and any other class ranking junior to the First Preferred Shares. The First Preferred Shares of any series shall also be entitled to such other preferences over the Second Preferred Shares, Common Shares or the shares of any other class ranking junior to the First Preferred Shares as may be fixed by the Board of Directors in accordance with the above.

The Second Preferred Shares are issuable in one or more series and subject to the articles, the Board of Directors is authorized to fix the number of shares in a series and the designation, rights, privileges, restrictions and conditions attaching to the shares of each series of Second Preferred Shares. The Second Preferred Shares, in the above circumstances, shall rank on a parity with the Second Preferred Shares of every other series and be entitled to preference over the Common Shares and any other class ranking junior to the Second Preferred Shares. The Second Preferred Shares of any series shall also be entitled to such other preferences over the Common Shares or the shares of any other class ranking junior to the Second Preferred Shares as may be fixed by the Board of Directors in accordance with the above.

#### **DIVIDENDS**

The payment of dividends in the future is dependent on the earnings and financial condition of the Corporation and such other factors as the directors consider appropriate. The Corporation has not paid dividends in any of the three most recently completed financial years. The Corporation's articles do not contain any restrictions on the payments of dividends.

#### **MARKET FOR SECURITIES**

The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "WIX".

The trading summary for the Corporation in 2007 on the Toronto Stock Exchange is as follows:

<b>Name of Market: Toronto Stock Exchange</b>				
<b>Month</b>	<b>High \$</b>	<b>Low \$</b>	<b>Close \$</b>	<b>Volume</b>
December 2007	6.30	5.55	5.59	255,505
November 2007	6.85	5.70	6.25	690,085
October 2007	6.21	4.81	5.96	1,152,859
September 2007	5.10	4.65	4.90	403,000
August 2007	5.32	4.20	4.75	612,423
July 2007	5.40	4.25	5.18	879,867
June 2007	4.70	4.25	4.50	144,216
May 2007	4.95	4.17	4.55	387,939
April 2007	4.33	3.68	4.20	498,429
March 2007	4.50	3.90	4.35	440,118
February 2007	5.28	4.00	4.12	718,910
January 2007	4.75	3.75	4.28	460,401

#### **ESCROWED SECURITIES**

As of December 31, 2007, there are no escrowed securities of the Corporation.

#### **DIRECTORS AND OFFICERS**

As at December 31, 2007 the following table sets out the names, municipalities of residence, and positions of the directors and officers of the Corporation as well as their principal occupations within the five preceding years, which are as follows:

Name and Principal Municipality of Residence	Occupation for the Past Five years	Date First Elected or Appointed
David A. Monachello President and Director Calgary, Alberta	President, and Chief Executive Officer of Winstar Resources Ltd.; President, Chief Executive Officer and director of Stylus Exploration Inc. from 1999 to 2002; President, Chief Executive Officer, and director of Coparex Canada Ltd. from 1996 to 1999.	July 11, 2002
Bruce R. Libin <sup>(1)(2)</sup> Chairman and Director Calgary, Alberta	Chairman of the Board of Winstar Resources Ltd. since December 2002; Executive Chairman and Chief Executive Officer of Destiny Resources Services Corp.; President of B.R. Libin Capital Corp.; Director of Provident Energy Trust.	July 11, 2002
W. Russ Duncan <sup>(3)</sup> Director Calgary, Alberta	Vice President of Sky Hunter Exploration Ltd.;	November 18, 2004
Roger G. McMechan Executive Vice President & Director Calgary, Alberta	Executive Vice President and Director of the Corporation, prior to 2005 General Manager - Exploration and Development Burlington Resources Canada, prior to 2000 General Manager of North Africa, PetroCanada Resources	March 30, 2005
Charles A. de Mestral Chief Executive Officer and Director Geneva, Switzerland	General Manager and Director of Athanor until the Corporation acquired Athanor on August 22, 2005; prior to 1998 President of Coparex International (oil and gas exploration); and prior to 1992 President of American Cometra (oil and gas exploration).	August 19, 2005
Bernard P. de Combret <sup>(2)(3)</sup> Director Geneva, Switzerland	Businessman. Prior to 2002, Deputy Chairman of the Executive committee and President (gas and power trading) TotalFina Elf	August 19, 2005
Bryan H. Lawrence <sup>(1)(2)</sup> Director New York, USA	Co-Founder and general partner of Yorktown Partners LLC. Prior to 1997 manager of oil and gas investments at Dillon Read & Co.	August 19, 2005
Robert W. Mitchell <sup>(3)</sup> Director Calgary, Alberta Canada	Retired, prior to 2003, Executive Vice President of Talisman Energy Inc., Director of Provident Energy Trust	August 19, 2005
Douglas Baker <sup>(1)(2)</sup> Director Calgary, Alberta Canada	Oil and Gas executive, formerly Vice President and Chief Financial Officer with Valiant Energy Inc.; President and Chief Financial Officer of Forte Resources Inc.	November 14, 2005

Name and Principal Municipality of Residence	Occupation for the Past Five years	Date First Elected or Appointed
James V. O'Connor Corporate Secretary Calgary, Alberta	Manager of Land and Legal Affairs for Winstar Resources Ltd. since October 2005; Senior Landman at Burlington Resources Canada Ltd. from 2000 to 2005.	May 10, 2007
Don S. Milne (4) (5) Chief Financial Officer Calgary, Alberta	Chief Financial Officer of Winstar Resources Ltd. ; formerly controller of ARC Resources from 2005 to 2006; controller at Acclaim Energy Inc. from 1996 to 2002	November 17 , 2006

Notes:

- (1) Members of the Audit Committee.
- (2) Members of the Compensation Committee.
- (3) Members of the Reserves Committee
- (4) Don Milne left the Corporation effective January 31, 2008
- (5) Brad Giblin was appointed Vice President of Finance of the Corporation effective January 31, 2008

The term of office of each of the directors of the Corporation expires at the next annual meeting of shareholders of the Corporation.

The directors and senior officers of the Corporation, as a group, beneficially owned, directly or indirectly, 1,631,792 Common Shares or approximately 4.8% of the issued and outstanding Common Shares as at December 31, 2007.

### Conflicts of Interest

Circumstances may arise where members of the board of directors of the Corporation are directors or officers of corporations which are in competition to the interests of the Corporation. No assurances can be given that opportunities identified by such board members will be provided to the Corporation. Pursuant to the *Business Corporations Act* (Alberta), directors who have an interest in a proposed transaction upon which the board of directors is voting are required to disclose their interests and refrain from voting on the transaction.

### AUDIT COMMITTEE INFORMATION

Information concerning the Audit Committee of the Corporation, as required by Multilateral Instrument 52-110, is provided in Appendix "C" to this Annual Information Form.

### LEGAL PROCEEDINGS

There are currently no outstanding legal proceedings material to the Corporation to which the Corporation or any subsidiary of the Corporation is a party or of which any property of the Corporation is the subject matter, or are any such proceedings known to the Corporation to be completed.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the Common Shares, or their

respective associates or affiliates, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or would materially affect the Corporation or any of its subsidiaries.

#### **TRANSFERS AGENTS AND REGISTRARS**

Computershare Trust Company of Canada at principal offices at Calgary Alberta and Toronto, Ontario is the transfer agent and registrar for the Common Shares of the Corporation.

#### **MATERIAL CONTRACTS**

The Corporation executed agreements in 2007 to transport a new Canadian-made drilling rig to Tunisia. Under the terms of the contract, the Corporation guaranteed 120 days of rig work during the one year period commencing upon the arrival of the equipment in Tunisia, with the option to make a further commitment for a second year. As at December 31, 2007, the Corporation has completed 69 days of this commitment. Subsequent to December 31, 2007, the Corporation fulfilled the remaining portion of the commitment.

The Corporation has not entered into any other material contracts in the most recently completed financial year, except for contracts entered into by the Corporation in the ordinary course of business.

#### **INTERESTS OF EXPERTS**

The Corporation's auditor is PricewaterhouseCoopers LLP, Chartered Accountants, 3100, 111 - 5th Avenue S.W. Calgary Alberta T2P 5L3. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

The reserves data set forth in this Annual Information Form is based upon an evaluation of the Corporation's Canadian assets by the independent qualified reserves evaluator, McDaniel in the McDaniel Report and of the Corporation's Tunisian and Hungarian assets by RPS in the RPS Report. RPS and McDaniel are both independent qualified reserve evaluators in accordance with the standards of the Association of Professional Engineers, Geologists and Geophysicists of Alberta. As of the date hereof, the principals of RPS and McDaniel, as a group, did not beneficially own, directly or indirectly, any of the outstanding Common Shares.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Corporation's Information Circular for its most recent annual meeting of the security holders that involved the election of directors. Additional financial information is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2007 and related annual management's discussion and analysis filed on SEDAR as described above.

Copies of the foregoing documents may be obtained from the Corporation upon request and in some cases upon payment of a reasonable charge or from the Corporation's website [www.winstar.ca](http://www.winstar.ca)

For additional copies of this Annual Information Form and the materials listed in the preceding paragraph, please contact:

David A. Monachello  
President  
Winstar Resources Ltd.  
845, 401- 9 Ave S.W  
Calgary, Alberta T2P 3C5  
Tel: (403) 513-4200  
Fax: (403) 205-2722  
Email: [dmonachello@winstar.ca](mailto:dmonachello@winstar.ca)  
Website: [www.winstar.ca](http://www.winstar.ca)

**APPENDIX "A"**  
**FORM 51-101F2 - REPORT ON RESERVES DATA BY CORPORATIONS INDEPENDENT**  
**QUALIFIED RESERVES EVALUATOR**

**Report by McDaniel & Associates Consultant Ltd.**

To the board of directors of Winstar Resources Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2007. The reserves data consist of the following:
  - (a) proved and proved plus probable oil and gas reserves estimated as at December 31, 2007 using forecast prices and costs and the related estimated future net revenue; and
  - (b) proved and proved plus probable oil and gas reserves estimated as at December 31, 2007 using constant prices and costs and the related estimated future net revenue.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us, for the year ended December 31, 2007, and identifies the respective portions thereof that we have evaluated, audited and reviewed and reported on to the Company's management:

Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue \$M (before income taxes, 10% discount rate)			
		Audited	Evaluated	Review	Total
February 15, 2008	Canada	-	12,645	-	12,645

5. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and presented in accordance with the COGE Handbook.
6. We have no responsibility to update our report for events and circumstances occurring after the preparation date.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

**MCDANIEL & ASSOCIATES CONSULTANTS LTD.**

(Signed) "P.A. Welch"

P.A. Welch, P.Eng.,  
President & Managing Director

Calgary, Alberta

## Report by RPS Energy

To the board of directors of Winstar Resources Ltd.:

1. We have evaluated the Tunisian and Hungarian reserves data of Winstar Resources Ltd. (the “**Company**”) as at December 31, 2007. The reserves data estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2007, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our evaluation. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2007, and identifies the respective portions thereof that we have reported on to the Company’s management and board of directors:

Independent Qualified Reserves Evaluator	Description of Evaluation Report	Preparation Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue <sup>(1)</sup> Before Income Taxes Proved + Probable Reserves		
				Million Canadian Dollars, 10% discount rate		
				Audited	Evaluated	Review
RPS Energy	“Reserves Evaluation Tunisian and Hungarian Properties of Winstar Resources Ltd. as at December 31, 2007.”	March 13, 2008	Tunisia and Hungary	\$n/a	\$265.2	\$n/a

Note (1): Future net revenue defined by “Companion Policy 51-101CP, Standards of Disclosure for Oil and Gas Activities, Appendix 1”, using RPS Energy Forecast of oil and gas prices. The value of NPV Future net Revenue before Tax for Proved and Probable reserves determined using the McDaniel Associates forecast of oil and gas prices is \$269.8 million.

5. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and presented in accordance with the COGE Handbook.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after its preparation date.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

**RPS ENERGY**

(Signed) "Brian D. Weatherill"

Brian D. Weatherill, P.Eng.

**APPENDIX "B"**  
**FORM 51-101F3 - REPORT OF MANAGEMENT AND**  
**DIRECTORS ON OIL AND GAS DISCLOSURE**

Management of Winstar Resources Ltd. (the "**Company**") is responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2007, the last day of the Company's most recently completed financial year, using forecast prices and costs; and
- (ii) the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at December 31, 2007, the last day of the Company's most recently completed financial year, using constant prices and costs; and
- (ii) the related estimated future net revenue.

Independent qualified reserves evaluators have evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluators will be filed with the securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluators to determine whether any restrictions affected the ability of the independent qualified reserves evaluators to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves evaluators on the reserves data; and
- (c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(Signed) "Charles de Mestral"

Charles de Mestral,  
Chief Executive Officer

(Signed) "Roger McMechan"

Roger McMechan,  
Executive V.P. Engineering & Operations

(Signed) "Robert Mitchell"

Robert Mitchell,  
Director

(Signed) "Russ Duncan"

Russ Duncan,  
Independent Director

## APPENDIX "C" AUDIT COMMITTEE INFORMATION

### Composition of Audit Committee

As at March 27, 2008 the Audit Committee of Winstar Resources Ltd. (the "Corporation") consists of Douglas Baker (Chairman), Bruce Libin and Bryan H. Lawrence. The Board of Directors has determined that all members of the Audit Committee are "independent" and "financially literate" as defined in Multilateral Instrument 52-110 - Audit Committees ("MI 52-110").

MI 52-110 states that a member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer. A material relationship is a relationship which could, in the view of the issuer's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

In addition, an individual is considered 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 issuer's financial statements.

### Education and Experience

Mr. Baker, who serves as the Vice-Chair of the Canadian Institute of Chartered Accountants, and served as the President of the Institute of Chartered Accountants of Alberta in 2003, brings considerable experience in finance, tax and accounting to the Corporation's Board of Directors. An independent businessman, Mr. Baker was Vice-President and Chief Financial Officer of Valiant Energy Inc. prior to its takeover by Peerless Energy Inc. in September 2006. He served as President and Chief Financial Officer of Forte Resources and its predecessors since August 2001. Before that, Mr. Baker held positions as President and Chief Financial Officer of Forte Energy Ltd. from July 1997 to May 2001, Vice-President and Chief Financial Officer of Territorial Resources Inc. from 1996 to 1997, Vice-President and Chief Financial Officer of Chancellor Energy Resources Inc. from 1993 to 1996, Vice-President and Chief Financial Officer of American Eagle Petroleum Ltd. from 1991 to 1993, Vice-President and Chief Financial Officer of Canadian Conquest Exploration Inc. from 1983 to 1991 and Manager and staff accountant with Deloitte, Haskins and Sells from 1975 to 1983. Mr. Baker is a graduate of the University of Saskatchewan and holds a Bachelor of Commerce degree with Honours and Distinction. He has been a chartered accountant since 1977. In 1996, Mr. Baker received the honour of being named a Fellow of Chartered Accountants.

Mr. Libin has been Executive Chairman and Chief Executive Officer of Destiny Resource Services Corp. since December 2000. From 1994 to 2000, his principal occupation was as President of B.R. Libin Capital Corp., an investment, merchant banking and investment banking advisory services company. Prior to 1994 he was a senior partner with the law firm Bennett Jones, practicing mergers and acquisitions and securities law since joining the firm in 1975. Mr. Libin has his Bachelor of Commerce degree (Honours) from the University of Toronto, his Juris Doctorate from the University of Pennsylvania Law School and his Master of Business Administration degree from the Wharton School. He was appointed Queen's Counsel in 1990, received the Canada 125 Medal of Distinction in 1992 and was granted an Honorary Degree from the Southern Alberta Institute of Technology in May 2002. Mr. Libin is a member of the Board of Directors of Provident Energy Trust as well as several private corporations and foundations. Other corporate directorships have included Amoco Canada Petroleum Company Limited, Beau Canada Exploration Ltd., Mark's Work Warehouse Ltd., Maxx Petroleum Ltd., Tonko Development Corp. and United Inc.

Mr. Lawrence joined Dillon Read & Co. Inc. (“Dillon Read”) in 1966. During his career at Dillon Read he devoted a large portion of his time to energy-related projects, eventually overseeing all of Dillon Read’s investments in the energy industry. His clients included Amerada Hess, Arch Coal, Ashland Oil, Goodyear Tire, Hamilton Brothers, Homestake Mining, Noble Affiliates, Quantum Chemical, Vintage Petroleum and Texaco. Mr. Lawrence was critical in the establishment of Yorktown Energy Partners I and Yorktown Energy Partners II following the acquisition of Dillon Read by Swiss Bank Corp. in 1997. In 1997, Mr. Lawrence and six other Dillon Read executives became the general partners of Yorktown Partners LLC, the manager of Yorktown I and Yorktown II, and subsequent Yorktown III, IV, V and Yorktown VI partnerships.

**External Auditor Service Fees**

The following table present fees for the audits of the Corporation’s annual consolidated financial statements for 2007 and 2006 and for other services provided by the Corporation’s external auditors:

<b>(Cdn \$ thousands)</b>	<b>2007</b>	<b>2006</b>
Audit fees	318	333
Tax fees	20	11
All other fees	76	12

The Corporation incurred audit fees during the fiscal periods 2007 and 2006 relating to statutory requirements in all countries in which it operates.

The Corporation incurred fees for professional services by the Corporation’s auditors in respect of tax compliance, tax planning and tax advice for the fiscal years ended 2007 and 2006.

All other fees in 2007 relate to assistance in common shares equity issuance during the third quarter of 2007.

The Audit Committee has implemented specific procedures regarding the pre-approval of services to be provided by the Corporation’s external auditors. These procedures specify certain prohibited services that are not to be performed by the Corporation’s external auditors. In addition, these procedures require that, at least annually, prior to the period in which the services are proposed to be provided, the Corporation’s management, in conjunction with the Corporation’s external auditors, prepares and submits to the Audit Committee a complete list of all proposed services and related fees to be provided to the Corporation by the Corporation’s external auditors. Under the Audit Committee pre-approval procedures, for those non-audit services proposed to be provided by the Corporation’s external auditors that have not been previously approved by the Audit Committee, the Audit Committee has delegated to the Chairman of the Audit Committee the authority to grant pre-approvals of such services. The decision to pre-approve a service covered under this procedure is presented to the full Audit Committee at the next scheduled meeting. At each of the Audit Committee’s regular meetings, the Audit Committee is provided an update as to the status of services previously approved.

## **Charter of The Audit Committee**

The following is the text of the Charter of the Audit Committee for the Corporation:

### ***Policy Statement***

It is the policy of WINSTAR RESOURCES LTD.. (the “**Corporation**”) to establish and maintain an Audit Committee, composed entirely of independent directors, to assist the Board of Directors (the “**Board**”) in carrying out their oversight responsibility for the Corporation’s internal controls, financial reporting and risk management processes. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If determined necessary by the Audit Committee, it will have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or experts.

### ***Composition of the Committee***

1. The Audit Committee shall consist of at least three directors. The Board shall appoint the members of the Audit Committee. The Board shall appoint one member of the Audit Committee to be the Chair of the Audit Committee.
2. Each director appointed to the Audit Committee by the Board shall be an outside director who is unrelated. An outside, unrelated director is a director who is independent of management and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding. In determining whether a director is independent of management, the Board shall make reference to the then current legislation, rules, policies and instruments of applicable regulatory authorities.
3. Each member of the Audit Committee shall be “financially literate”. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements, and at least one member shall have “accounting or related financial management expertise”, meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.
4. A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.
5. The Chairman of the Board shall be an ex officio member of the Audit Committee.

### ***Meetings of the Committee***

1. The Audit Committee shall convene a minimum of four times each year at such times and places as may be designated by the Chair of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors, or a senior officer of the Corporation. Meetings of the Audit Committee shall correspond with the review of the quarterly financial statements and management discussion and analysis.

2. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the auditors, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee.
3. Notice of a meeting of the Audit Committee shall:
  - (a) be in writing;
  - (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 two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
4. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee (excluding the Chairman of the Board). However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.
5. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits 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 the meeting.
6. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.
7. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management; and (ii) may meet separately with management.
8. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

***Duties and Responsibilities of the Committee***

1. The Audit Committee's primary duties and responsibilities are to:
  - (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
  - (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

- (c) monitor the independence and performance of the Corporation's external auditors;
  - (d) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;
  - (e) directly oversee the external audit process and results (in addition to items described in Section 4 below);
  - (f) provide an avenue of communication among the external auditors, management and the Board; and
  - (g) ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.
2. The Audit Committee shall have the authority to:
- (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
  - (b) discuss with the management of the Corporation, its subsidiaries and affiliates and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
  - (c) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
  - (d) to set and pay the compensation for any advisors employed by the Audit Committee.
3. The Audit Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
4. The Audit Committee shall:
- (a) review the audit plan with the Corporation's external auditors and with management;
  - (b) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;
  - (c) review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues;
  - (d) review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

- (e) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
  - (f) review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods;
  - (g) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
  - (h) review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;
  - (i) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and press releases; and
  - (j) oversee any of the financial affairs of the Corporation, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management.
5. The Audit Committee shall:
- (a) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditor or the discharge of the external auditor when circumstances are warranted;
  - (b) consider the recommendations of management in respect of the appointment of the external auditors;
  - (c) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors', or the external auditors of the Corporation's subsidiary entities;
  - (d) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors;
  - (e) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation required pursuant to National Policy 31 (or any successor legislation) of the Canadian Securities Administrators and the planned steps for an orderly transition period; and

- (f) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.
6. The Audit Committee shall:
    - (a) review with management at least annually, the financing strategy and plans of the Corporation; and
    - (b) review all securities offering documents (including documents incorporated therein by reference) of the Corporation.
  7. The Audit Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
  8. The Audit Committee shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
  9. The Audit Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Audit Committee by any member of the Board, a shareholder of the Corporation, the external auditors, or senior management.
  10. The Audit Committee shall periodically review with management the need for an internal audit function.
  11. The Audit Committee shall review the Corporation's accounting and reporting of environmental costs, liabilities and contingencies.
  12. The Audit Committee shall establish and maintain procedures for:
    - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls, or auditing matters; and
    - (b) the confidential, anonymous submission by employees of the Corporation on concerns regarding questionable accounting or auditing matters.
  13. The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors or auditing matters.
  14. The Audit Committee shall review with the Corporation's legal counsel as required but at least annually, any legal matter that could have a significant impact on the Corporation's financial statements, and any enquiries received from regulators, or government agencies.
  15. The Audit Committee shall assess, on an annual basis, the adequacy of this Mandate and the performance of the Audit Committee.