

WINSTAR RESOURCES LTD.
NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
to be held on June 9, 2006

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that an Annual Meeting (the “**Meeting**”) of the shareholders of Winstar Resources Ltd. (the “**Corporation**”) will be held on Friday, June 9, 2006 at 9:00 a.m. (Calgary time) in the Trophy Lounge at the Calgary Petroleum Club, 319 -5th Avenue S.W., Calgary, Alberta for the following purposes:

1. to receive the financial statements of the Corporation for the period ended December 31, 2005, and the auditors’ report thereon;
2. to fix the number of directors for the ensuing year and to elect the directors for the ensuing year;
3. to appoint auditors for the ensuing year; and
4. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters to be considered are set out in the Management Information Circular dated May 12, 2006, which accompanies this Notice.

Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy (the “Instrument of Proxy”) and return it by mail to, or deposit it with, in the envelope provided for that purpose, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1. In order to be valid and acted upon at the Meeting, the Instrument of Proxy must be received by Computershare Trust Company of Canada at the aforesaid address, at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the Meeting or any adjournment thereof.

Shareholders are cautioned that the use of the mail to transmit Instruments of Proxy is at each shareholder’s risk.

The record date for the Meeting is the close of business on May 5, 2006, (the “**Record Date**”). Only shareholders of the Corporation of record as at that date are entitled to receive notice of and to vote at the Meeting unless such shareholder transfers its shares after the Record Date and the transferee of those shares establishes that it owns the shares and demands not later than 10 days before the Meeting that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting.

DATED at Calgary, Alberta this 12th day of May, 2006.

**BY ORDER OF THE BOARD OF
DIRECTORS**

(signed) “*David A. Monachello*”

President

(signed) “*Charles A. de Mestral*”

Chief Executive Officer

WINSTAR RESOURCES LTD.

ANNUAL MEETING OF SHAREHOLDERS to be held on June 9, 2006

MANAGEMENT INFORMATION CIRCULAR

Shareholders who do not hold their shares in their own name as registered shareholders should read "Advice to Beneficial Shareholders" within for an explanation of their rights.

SOLICITATION OF PROXIES

This management information circular (the "Management Information Circular") is provided in connection with the solicitation by management of Winstar Resources Ltd. (the "Corporation") of proxies for the annual meeting of the holders of common shares (the "Common Shares") of the Corporation (the "Meeting") to be held on Friday, June 9, 2006 at 10:00 a.m. (Calgary time) in the Trophy Lounge at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta, and at any adjournment(s) thereof for the purposes set out in the accompanying Notice of Annual Meeting (the "Notice").

This solicitation is made on behalf of management of the Corporation. The costs incurred in the preparation and mailing of the Notice, this Management Information Circular and the accompanying form of proxy furnished by the Corporation (the "Instrument of Proxy") will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, telephone or other means of communication by directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the Instrument of Proxy are officers and/or directors of the Corporation. A shareholder has the right to appoint a nominee (who need not be a shareholder) to attend and act for such shareholder and on such shareholder's behalf at the Meeting, other than the persons designated in the Instrument of Proxy, by striking out the management proxyholder names shown and inserting the name of the shareholders' chosen nominee in the space provided for an alternate proxyholder on the Instrument of Proxy, or by completing another proper form of proxy. Such shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should instruct the nominee as to how the shareholder's shares are to be voted. In any case, the Instrument Proxy should be dated and signed by the shareholder or the shareholder's attorney authorized in writing, with proof of such authorization attached, where an attorney signed the proxy form.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and deposited with Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, at least 48 hours, excluding Saturdays, Sundays and statutory holidays, before the time of the Meeting or any adjournment thereof. The instrument appointing a proxy shall be in writing and shall be signed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

In addition to revocation in any other manner permitted by law, a shareholder who has given a proxy may revoke it, any time before it is exercised, by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing either at the

registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.

RECORD, DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The record date for the Meeting is the close of business on May 5, 2006 (the “**Record Date**”) for the determination of shareholders entitled to receive notice of and to vote their shares at the Meeting, except to the extent that: (a) the holder has transferred the ownership of any of the holder’s shares after the Record Date; and (b) the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the shares, and demands, not later than the close of business 10 days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote such shares at the Meeting.

The Corporation has an authorized capital consisting of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares, issuable in series, of which 28,563,606 Common Shares are issued and outstanding as at May 12, 2006 (the “**Effective Date**”). A quorum will be present at the Meeting if a holder or holders of not less than 5% of the shares entitled to be voted at the Meeting are present in person or by proxy. Holders of Common Shares of the Corporation are entitled to one vote at the Meeting for each Common Share held. Unless otherwise indicated, the information contained in this Management Information Circular is given as at the Effective Date.

To the best of the knowledge of the directors and executive officers of the Corporation, as at the Effective Date, no persons owns, directly or indirectly or controls or directs over, more than 10% of the issued and outstanding Common Shares other than Yorktown Partners LLC, who owns directly and indirectly, or has direct control over, 15,855,373 Common Shares representing 55.51% of the issued and outstanding Common Shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is provided to beneficial holders of Common Shares who do not hold their Common Shares in their own name (“**Beneficial Shareholders**”). Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those shares will not be registered in the Beneficial Shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the Beneficial Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (“**ADP**”). ADP typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial

Shareholders to return the voting request forms or proxy forms to ADP. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with an ADP sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by ADP well in advance of the Meeting in order to have the shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by ADP well in advance of the Meeting.**

All references to holders of Common Shares shareholders in this Management Information Circular, the Instrument of Proxy and the Notice are to shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be made available upon request to registered shareholders who produce proof of their identity.

VOTING OF PROXIES

The persons named in the Instrument of Proxy have been selected by the directors of the Corporation, are directors and officers of the Corporation and have indicated their willingness to represent as proxyholder the shareholders who appoint them. Each shareholder may instruct the proxyholder how to vote the shareholders' shares by completing the blanks on the Instrument of Proxy.

Shares represented by properly executed Instruments of Proxy in favour of the person designated on the enclosed form will be voted or withheld from voting in accordance with the instructions given on the Instruments of Proxy. **IN THE ABSENCE OF SUCH INSTRUCTIONS, SUCH SHARES WILL BE VOTED IN FAVOUR OF ALL RESOLUTIONS IDENTIFIED IN THIS MANAGEMENT INFORMATION CIRCULAR.**

The Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice and with respect to any other matters which may properly come before the Meeting. The shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting such shares. As of the date of this Management Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

BUSINESS OF THE ANNUAL MEETING

Financial Statements and Auditors' Report

Pursuant to the provisions of the *Business Corporations Act* (Alberta) and of the Corporation's By-Laws, the Corporation will submit to the shareholders at the Meeting the financial statements of the Corporation for the year ended December 31, 2005 and the auditors' report thereon, but no vote by the shareholders with respect thereto is required or proposed to be taken.

Election of Directors

At the Meeting it is proposed that the shareholders fix the number of directors to be elected at the Meeting at nine (9) members and that such nine (9) directors be elected to hold office until the next annual meeting or until their successors are elected or appointed (the "**Board**" or "**Board of Directors**").

There are presently nine (9) directors of the Corporation, the term of each of which expires at the Meeting.

Unless otherwise directed, it is the intention of the persons designated in the Instrument of Proxy to vote proxies in the accompanying form in favour of the election as directors of the nine (9) nominees hereinafter set forth. Management has no reason to believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the Instrument of Proxy reserve the right to vote for other nominees in their discretion unless the shareholder has specified in the proxy that such shareholder's shares are to be withheld from voting on the election of directors.

The following information relating to the nominees as directors is based partly on the Corporation's records and partly on the information received by the Corporation from the said nominees, and sets forth the names and province and country of residence of each of the persons proposed to be nominated for election as a director, the number of Common Shares that he has advised are beneficially owned, directly or indirectly, or over which control or direction is exercised by him at the date of this Management Information Circular, all other positions or offices held by him in the Corporation, the date in which he was first elected as director and his principal occupation.

| Name, Municipality of Residence and Position Presently Held with the Corporation | Number of Common Shares Beneficially Owned or Controlled⁽⁴⁾ | Date First Elected or Appointed | Principal Occupation |
|---|---|--|---|
| Douglas N. Baker⁽¹⁾⁽³⁾ Director Calgary, Alberta | 21,021 | November 14, 2005 | Vice President, Chief Financial Officer and Director, Valiant Energy Inc.; Prior to 2005, President and Chief Financial Officer, Forte Resources Ltd. |
| Bernard P. de Combret⁽²⁾⁽³⁾ Director Nyon, Switzerland | 12,000 | August 19, 2005 | Businessman; Prior to 2002, Deputy Chairman of the Executive committee and President (gas and power trading) TotalFina Elf |
| Charles A. de Mestral Chief Executive Officer, Director Vich, Switzerland | 648,508 | August 19, 2005 | Chief Executive Officer and Director of the Corporation; Prior to 2005, General Manager and Director of Athanor; Prior to 1998 President of Coparex International (oil and gas exploration); and Prior to 1992 President of American Cometra (oil and gas exploration). |
| W. Russ Duncan⁽²⁾ Director Calgary, Alberta | Nil | November 18, 2004 | Vice-President of Sky Hunter Exploration Ltd.; Prior to 1998, Officer and Director of Paramount Resources Ltd. and Newalta Corporation and engineer with Alberta Eastern Gas Limited and Ocelot Industries. |
| Bryan H. Lawrence⁽¹⁾ Director New York, U.S.A. | Nil | August 19, 2005 | Co-Founder and general partner of Yorktown Partners LLC; Prior to 1997, manager of oil and gas investments at Dillon Read & Co. |

| Name, Municipality of Residence and Position Presently Held with the Corporation | Number of Common Shares Beneficially Owned or Controlled ⁽⁴⁾ | Date First Elected or Appointed | Principal Occupation |
|---|---|---------------------------------|--|
| Bruce R. Libin ^{(1) (3)} Chairman of the Board Calgary, Alberta | 300,695 ⁽⁵⁾ | July 11, 2002 | Executive Chairman and Chief Executive Officer of Destiny Resources Services Corp.; President of B.R. Libin Capital Corp. |
| David A. Monachello President, Director Calgary, Alberta | 137,691 | July 11, 2002 | President and Director of the Corporation |
| Roger G. McMechan Executive Vice President, Director Calgary, Alberta | 78,221 | March 30, 2005 | Executive Vice President and Director of the Corporation; Prior to 2005 General Manager Exploration and Development of Burlington Canada Resources Energy Ltd.; Prior to 2000 General Manager of North Africa PetroCanada Resources. |
| Robert W. Mitchell ⁽²⁾ Director Calgary, Alberta | 4,681 | August 19, 2005 | Retired; Prior to 2003 Executive Vice President of Talisman Energy Inc. |

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Reserves Committee.
- (3) Member of the Compensation Committee.
- (4) The information as to Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Corporation by the respective nominees.
- (5) Includes Common Shares held by Ranger Holdings Ltd. over which Mr. Libin has control.

Appointment Of Auditors

Unless otherwise directed, it is the intention of the persons designated in the Instrument of Proxy to vote the proxies in the accompanying form in favour of an ordinary resolution to appoint the firm of Ernst & Young LLP, Chartered Accountants, to serve as auditors of the Corporation to hold office until the close of the next annual general meeting of shareholders or until such firm is removed from office or resigns as provided by law at a remuneration to be fixed by the Board of Directors. Ernst & Young LLP are the current auditors of the Corporation and have been the auditors of the Corporation since 2002.

STATEMENT OF EXECUTIVE COMPENSATION

The following table provides a summary of compensation earned for each of the last three fiscal years by the persons who held the positions of President, Chief Executive Officer, and Chief Financial Officer, of the Corporation (the “**Named Executive Officers**”). No other executives or directors of the Corporation received compensation, including salary and bonus, in the most recent fiscal year, exceeding \$150,000.

Summary Compensation Table

| Name and Principal Position | Year | Annual Compensation | | | Long Term Compensation | | | All Other Compensation (\$) |
|--|---------------------|---------------------|------------|--------------------------------|--|--|------------------|-----------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation (\$) | Awards | | Payouts | |
| | | | | | Securities Under Options/SARs Granted (#) ⁽¹⁾ | Restricted Shares or Restricted Share Units (\$) | LTIP Payout (\$) | |
| Charles A. de Mestral ⁽²⁾ Chief Executive Officer | 2005 | 102,684 | Nil | 8,929 | 260,000 | Nil | Nil | Nil |
| David A. Monachello President | 2005 | 170,200 | Nil | 8,443 ⁽⁴⁾ | 270,000 | Nil | Nil | Nil |
| | 2004 ⁽³⁾ | 140,000 | 40,000 | 16,864 ⁽⁴⁾ | 70,000 | Nil | Nil | Nil |
| | 2003 ⁽³⁾ | 80,000 | Nil | 6,703 ⁽⁴⁾ | 31,000 | Nil | Nil | Nil |
| Robert M. Cowper Chief Financial Officer, Manager of Investor Relations | 2005 | 105,162 | Nil | 7,728 ⁽⁴⁾ | 60,000 | Nil | Nil | Nil |
| | 2004 ⁽⁵⁾ | 6,666 | Nil | 200 ⁽⁴⁾ | 20,000 | Nil | Nil | Nil |

Notes:

- (1) Represents number of options following consolidation of Common Shares on a one for five basis that occurred on October 25, 2005. Certain options were granted in the year ended December 31, 2005 prior to the consolidation.
- (2) Mr. de Mestral was appointed Chief Executive Officer of the Corporation on August 19, 2005.
- (3) Mr. Monachello was Chief Executive Officer of the Corporation from July 11, 2002 to August 19, 2005 and his compensation during that period represents his compensation in his capacity as both President and Chief Executive Officer.
- (4) Other annual compensation consists of parking and group benefits paid by the Corporation.
- (5) Mr. Cowper was appointed Chief Financial Officer on December 1, 2004 and was paid \$80,000 on an annualized basis for the 2004 fiscal year.

Retirement Plan in Switzerland

Mr. de Mestral is the only Named Executive Officer located in Switzerland as of the Effective Date. There are two retirement plans: (1) the official Swiss social security plan (AVS, AI, APG, AC and maternity), of which the cost to Athanor Management Services S.A., a wholly owned subsidiary of the Corporation, is 6.58% of salary on an annual basis; and (2) the complementary plan (LPP – Winterthur Columna), of which the cost to Athanor Management Services S.A. is 12.6% of salary on an annual basis. In addition Athanor Management Services S.A. pays accident insurance (basic mandatory coverage plus complementary coverage).

Option/SAR Grants During the Most Recently Completed Financial Year

The following table sets forth the individual grants of stock options to Named Executive Officers during the most recently completed financial period year ended December 31, 2005.

| Name | Securities Under Options Granted (#) ⁽¹⁾ | % of Total Options Granted to Employees in Financial Year | Exercise or Base Price (\$/Security) ⁽²⁾ | Market Value of Securities Underlying Options on the Date of Grant (\$/Security) | Expiration Date |
|-----------------------|---|---|---|--|-----------------|
| Charles A. de Mestral | 260,000 | 23.8% | \$2.90 | (\$0.92) | August 22, 2010 |
| David A. Monachello | 270,000 | 24.7% | \$2.90 | (\$0.92) | August 22, 2010 |
| Robert A. Cowper | 60,000 | 5.5% | \$2.90 | (\$0.92) | August 22, 2010 |

Notes:

- (1) Represents number of options following the consolidation of Common Shares on a one for five basis that occurred on October 25, 2005.
- (2) Represents the exercise price following the consolidation of the Common Shares on a one for five basis that occurred on October 25, 2005. The pre-consolidation exercise price (at the time of grant) was \$0.58.

Aggregate Option Exercises During the Most Recently Completed Financial Year-End and Financial Year-End Option Values

The following table sets forth certain information with respect to options to acquire Common Shares exercised by the Named Executive Officers during the year ended December 30, 2005 and, based upon a TSX-Venture Exchange closing price for the Common Shares on December 30, 2005 (the last trading day of the year ended December 31, 2005) of \$1.98 per Common Share, value at year-end of unexercised options.

| Name | Securities Acquired on Exercise (#) | Aggregate Value Realized (\$) | Unexercised Options/ SARs at December 31, 2005 (#) Exercisable / Unexercisable | Value of Unexercised In-the-Money Options at December 31, 2005 ⁽¹⁾ (\$) Exercisable / Unexercisable |
|-----------------------|-------------------------------------|-------------------------------|---|---|
| Charles A. de Mestral | Nil | Nil | 86,666/173,334 | - |
| David A. Monachello | Nil | Nil | 236,667/203,333 | \$7,200/\$7,200 |
| Robert M. Cowper | Nil | Nil | 33,333/46,667 | - |

Employment Agreements and Termination Arrangements

Mr. Monachello, the President of the Corporation has entered into an executive employment agreement which provides, among other things, for payment to the President of compensation upon termination of his employment in certain circumstances. If his employment is terminated without just cause or at the election of the officer by reason of change of control (as defined in the executive employment agreement), the President will be entitled to 1.5 times his annual compensation, plus the right to exercise all vested stock options for a period of 180 days from his termination of employment.

Mr. de Mestral, the Chief Executive Officer of the Corporation has entered into an employment with a subsidiary of the Corporation, Athanor Management Services S.A. Compensation includes: (1) base salary, (2) "frais de representation" and (3) an annual bonus at the discretion of the Board. This agreement also provides, among other things, for payment to the Chief Executive Officer of compensation upon termination of his employment in certain circumstances. In the case of termination because of disability or health reasons, the Chief Executive Officer is entitled to receive his salary for two years

thereafter as well as a lump sum payment equal to his last bonus. In the case of termination for cause (as defined in the executive employment agreement), the Chief Executive Officer is entitled to a lump sum equal to his last bonus. In the case of termination in breach of his executive employment agreement by the Corporation, or for good reason (as defined in the executive employment agreement) or in the case of a change of control, or if the subject contract is terminated by the employer, the Chief Executive Officer is to receive a lump sum payment equal to 165% his base salary, plus “frais de representation”, plus his last bonus, provided that such lump sum payment is not less than 200% of the base salary plus “frais de representation”. The Chief Executive Officer’s pension and other benefits will continue for one year beyond such termination. In the case of termination for retirement (at the age of 60), the Chief Executive Officer is to receive a lump sum in cash equal to 80% of his base salary, plus “frais de representation”, plus the last bonus, provided that such lump sum if no less than 100% of the base salary plus “frais de representation” and plus his last bonus. The Chief Executive Officer's pension and other benefits will continue for one year beyond termination for retirement. In case of death, the Chief Executive Officer's estate is to receive a lump sum in cash equal to 120% of his base salary plus “frais de representation”, plus the last bonus, provided that such lump sum is no less than 150% of the base salary plus “frais de representation”. The Chief Executive Officer's pension and other benefits applicable to his family will continue for one year beyond termination because of death. The Chief Executive Officer is not obligated to mitigate any of the amounts he would be entitled to because of the termination of the contract. For a period of twelve months following termination, the Chief Executive Officer will not solicit any employee of the Corporation or its subsidiaries or acquire assets of the Corporation or its subsidiaries.

Compensation of Directors

The independent directors of the Corporation (such directors being Bruce R. Libin, Bernard P. de Combret, Robert W. Mitchell, Douglas N. Baker and W. Russ Duncan) were all paid fees for serving in such capacity. The independent directors each received \$10,000, except for Mr. Libin who was paid \$15,000 as Chairman of the Board. As well, all directors of the Corporation were granted options to acquire Common Shares. Bryan H. Lawrence received no compensation for serving as a director of the Corporation.

On November 18, 2005, Douglas N. Baker was granted 35,000 options to acquire Common Shares at an exercise price of \$2.45 per option. On August 22, 2005, the directors were granted options to acquire Common Shares in the following amounts, each grant at an exercise price of \$2.90 per option: David A. Monachello (270,000), Bruce R. Libin (80,000), Bernard P. de Combret (35,000), Robert W. Mitchell (35,000), Charles A. de Mestral (260,000), Roger G. McMechan (120,000), and W. Russ Duncan (35,000). All options vest as to one third of the initial grant at the time of grant and one third on each of the two anniversaries of the grant date.

EQUITY COMPENSATION PLAN INFORMATION

| Plan Category | Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of Common Shares remaining available for future issuance under equity compensation plans |
|---|---|--|--|
| Equity compensation plans approved by securityholders | 1,857,233 | \$3.16 | 714,235 |
| Equity compensation plans not approved by securityholders | Nil | Nil | Nil |
| Total | 1,857,233 | \$3.16 | 714,235 |

Stock Option Plan

The Corporation has a Stock Option Plan (the “**Plan**”) previously approved by its shareholders. The purpose of the Stock Option Plan is to assist the Corporation in attracting, retaining, and motivating directors, key officers, employees and consultants and to closely align the personal interests of such individuals with those of the shareholders by providing them with the opportunity, through options to acquire Common Shares.

Pursuant to the Stock Option Plan, options to purchase common shares may be granted by the Board of Directors to any director, officer, employee or consultant of the Corporation, or its subsidiaries, as determined by the Board of Directors, from time to time. Subject to certain limitations, the exercise price, term and vesting provisions of an option are determined at the time of the granting of such option. The exercise price shall not be lower than the market price on the date of grant of the option, the term of the option shall not exceed five years from the date of grant of the option and absent a specific determination, each option shall be exercisable as to a maximum of one-third of the number of common shares covered by such option following each anniversary of the date the option was granted.

The maximum number of common shares reserved for issuance upon the exercise of options is 2,833,635 Common Shares. Unless permitted otherwise by an applicable stock exchange, no options shall be granted to any optionee if such grant could result, at any time, in

- (a) the number of Common Shares reserved for issuance pursuant to stock options granted to insiders exceeding 10% of the issued and outstanding Common Shares of the Corporation;
- (b) the issuance to insiders, within a one-year period, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares;
- (c) the issuance to any one insider and such insider’s associates, within a one-year period, of a number of Common Shares exceeding 5% of the issued and outstanding Common Shares; and
- (d) the number of Common Shares reserved for issuance pursuant to stock options granted to consultants exceeding 2% of the issued and outstanding Common Shares.

Options are not assignable or transferable. As of the Effective Date, options to purchase 1,857,233 Common Shares were outstanding under the Stock Option Plan, leaving options to purchase an additional 714,235 Common Shares issuable pursuant to the Stock Option Plan.

At the last meeting of shareholders of the Corporation held on August 19, 2005 to deal with the acquisition of Athanor B.V., the shareholders approved a new stock option plan for the Corporation that is to be implemented in the event the Corporation lists the Common Shares on the Toronto Stock Exchange. Under that stock option plan the maximum number of Common Shares issuable upon the exercise of options is that number equal to 10% of the issued and outstanding Common Shares.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, proposed nominee for election as a director, executive officer or any of their respective associates or affiliates is, or has been at any time since the beginning of the last completed fiscal year ended December 31, 2005, indebted to the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Mr. de Mestral, the Chief Executive Officer of the Corporation, has entered into an executive employment agreement with a subsidiary of the Corporation, Athanor Management Services S.A. This contract was entered into on September 1, 1998 for a five years term, automatically renewable. Place of Performance is Geneva, Switzerland. The Chief Executive Officer is entitled to four weeks of vacation per year. The Chief Executive Officer is entitled to reimbursement of reasonable expenses incurred in connection with his duties. The Chief Executive Officer is to treat all information concerning the company as confidential. The contract includes certain termination clauses. See “Statement of Executive Compensation – Employment Agreements and Termination Arrangements” for more information.

INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED ON

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, executive officer, anyone who has held office as such at any time since the beginning of the last financial year, proposed nominee for election as a director of the Corporation, or their respective associates or affiliates, in any matter to be acted on at the Meeting except as disclosed herein.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest, direct or indirect, of any informed person of the Corporation, any proposed director of the Corporation, or their respective associates or affiliates, in any transaction since the commencement of the Corporation’s last financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors

The majority of the Board is comprised of independent directors within the meaning of National Instrument 58-101 (“**NI 58-101**”). The Board has assessed and affirmatively determined that Bruce R. Libin, Bernard P. de Combret, Bryan H. Lawrence, Robert W. Mitchell, Douglas N. Baker and W. Russ Duncan are independent directors in accordance with NI 58-101. As David A. Monchello, Roger G. McMechan, and Charles A. de Mestral hold the positions of President, Executive Vice-President, and Chief Executive Officer, respectively, each are not considered independent in accordance with NI 58-101.

The following table sets forth the name of each reporting issuer, other than the Corporation, of which a director of the Corporation is also a director.

| Name of Director | Other Reporting Issuers |
|-------------------------|--|
| Douglas N. Baker | Valiant Energy Inc. Topper Resources Inc. Forte Resources Inc. |
| Bernard P. de Combret | None |
| Charles A. de Mestral | None |
| W. Russ Duncan | None |

| Name of Director | Other Reporting Issuers |
|-------------------------|--|
| Bryan H. Lawrence | Hallador Petroleum Company ⁽¹⁾ Crosstexx Energy Ltd. ⁽¹⁾ Star Gas Partners, L.P. TransMontaigne Inc. ⁽¹⁾ |
| Bruce R. Libin | Provident Energy Trust Destiny Resource Services Corp. |
| David A. Monchello | None |
| Roger G. McMechan | None |
| Robert W. Mitchell | Provident Energy Trust |

Note:

(1) A United States publicly-traded company.

Orientation and Continuing Education

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation's performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board. Furthermore, the Corporation encourages directors to attend, enrol or participate in courses and/or seminars focusing on financial literacy, corporate governance and other related matters.

Ethical Business Conduct

As of the Effective Date, the Board of Directors has adopted a code of business conduct and ethics applicable to all members of the Corporation, including directors, officers and employees (the "**Code of Ethics**"). The Corporation is in the process of providing each director, officer and employee of the Corporation with a copy of the Code of Ethics and, in addition, a copy of the Code of Ethics has been filed on SEDAR at www.sedar.com.

The Board of Directors will monitor compliance with the Code of Ethics by requiring each employee to affirm in writing on an annual basis his or her agreement to abide by the Code of Ethics, as to his or her ethical conduct and in respect of any conflicts of interest.

The Board of Directors of the Corporation itself must comply with the conflict of interest provisions of the *Business Corporations Act* (Alberta), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board of Directors of the Corporation as a whole is responsible for nominating new members of the Board of Directors. The Board of Directors of the Corporation considers succession planning (including appointment of senior management) when assessing new members. Nominees are considered

on the basis of a mix of skills and experience necessary to guide the long-term strategy and ongoing business operations of the Corporation. The review takes into account the desirability of maintaining a balance of skills, experience and background, with appropriate diversity, along with the key common characteristics required for effective participation.

Compensation

As of the Effective Date, the Board of Directors has established a compensation committee (the “**Compensation Committee**”) to address issues of compensation for the Corporation. It is the Compensation Committee’s responsibility to review the compensation policy and remuneration policy of the Corporation and make any changes necessary to improve the Corporation’s ability to retain, recruit, and motivate employees. The Compensation Committee will annually review all employment and remuneration policies and recommendations, as well as the adequacy and form of the compensation of directors, taking into consideration current trends in compensation policies of issuer’s of a similar size to the Corporation. The Compensation Committee will recommend to the Board to make changes in compensation when warranted and in light of the responsibilities and risks involved in being a director. The Compensation Committee will also review and approve corporate goals and objectives in relation to the compensation of the Chief Executive Officer, President, and Executive Vice-President’s of the Corporation, and evaluates the Chief Executive Officer’s, President’s and Executive Vice-President’s performance in light of such goals and objectives, making recommendations to the Board based upon this evaluation.

Other Board Committees

The Corporation also has a reserves committee (the “**Reserves Committee**”) composed entirely of independent directors with the responsibility of assisting the Board in fulfilling its oversight responsibilities in respect of the adequacy, integrity, and effectiveness of the process by which the Corporation’s reserves are evaluated and reported. Specifically, the Reserves Committee performs the following functions:

- (i) reviewing the Corporation’s procedures relating to the disclosure of information with respect to oil and gas activities including reviewing the procedures for complying with the Corporation’s disclosure requirements as set forth under applicable securities regulations;
- (ii) reviewing the Corporation’s procedures for providing information to the Corporation’s independent reserves evaluator and the review such reserves data;
- (iii) reviewing the appointment of the Corporation’s independent reserves evaluator;
- (iv) providing recommendations to the Board of Directors respecting the approval of the content and filing of the Corporation’s statement of reserves data and other information which may be prescribed by applicable securities requirements;
- (v) reviewing the Corporation’s procedures for reporting all other information associated with oil and gas producing activities; and
- (vi) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation’s oil and gas reserves.

Assessments

The Board of Directors of the Corporation is continually assessing and improving the execution of its responsibilities. The Board of Directors of the Corporation is also responsible for regularly assessing the effectiveness and contribution of individual directors, having regard to the competencies and skills each director is expected to bring to the Board of Directors.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Corporation's audit committee (the "**Audit Committee**") is governed by its Audit Committee Charter, a copy of which is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee is comprised of Bruce R. Libin, Bryan W. Lawrence and Douglas N. Baker. All three members are independent within the meaning of NI 58-101. All three members of the Audit Committee are considered to be financially literate.

Education and Experience of Audit Committee Members

Bruce R. Libin

Mr. Libin has a Bachelor of Commerce degree (Honours) from the University of Toronto, his Juris Doctorate from the University of Pennsylvania Law School and his Masters of Business Administration from the Wharton School. Mr. Libin serves as a director of a number of public companies. He currently serves on the Audit Committee of Provident Energy Trust and is the Executive Chairman and Chief Executive Officer of Destiny Resources Services Corp. and President of B.R. Libin Capital Corp., an investment, merchant banking and investment banking advisory services company. Mr. Libin has extensive experience in the review, analysis, and disclosure of financial information, and is familiar with audit committee processes and proceedings.

Mr. Douglas N. Baker

A graduate of the University of Saskatchewan, Mr. Baker holds a Bachelor of Commerce degree, a Chartered Accountants designation, is a member of the Canadian Institute of Chartered Accountants, and is a designated Chartered Financial Analyst. Mr. Baker is currently the Vice President, Chief Executive Officer, and a director of Valiant Energy Inc, a public oil and gas exploration company, and has served as a senior executive and director of numerous public companies. Mr. Baker has extensive experience in analyzing financial statements and operations of oil and gas companies.

Bryan H. Lawrence

Mr. Lawrence has a bachelor's degree from Hamilton College and a Masters in Business Administration from Columbia University. Mr. Lawrence has previously served as a senior executive at an American investment bank where he devoted a large portion of his time to large-scale energy-related projects. Mr. Lawrence became one of the general partners of Yorktown Partners LLC in 1997, where he has played an active role in energy investments. He serves as a director on a number of U.S. publicly-traded companies, and has experience in analyzing financial statements and operations of energy related corporations and is familiar with internal controls and audit-committee processes.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed fiscal year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Exemptions

The Corporation has not relied on the exemptions contained in sections 2.4 or 8 of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"). Section 2.4 of MI 52-110 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditors, where the total fees relating to such services are not expected to exceed 5% of the total fees payable to the auditors during the fiscal year in which those non-audit services were provided. Section 8 of MI 52-110 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but will review the engagement of all such services.

Audit Fees

The Corporation incurred fees of \$209,256 and \$45,990 for review services performed in the fiscal years ended 2005 and 2004, respectively.

Audit-Related Fees

The Corporation incurred fees of \$70,755 and \$33,859 for audit services performed in relation to the Corporation's interim financial statements in the fiscal years ended 2005 and 2004, respectively.

Tax Fees

The Corporation incurred fees of \$16,000 and \$6,920 for professional services by the Corporation's auditors in respect of tax compliance, tax planning and tax advice for the fiscal years ended 2005 and 2004, respectively.

All Other Fees

The Corporation incurred fees of \$121,997 in fiscal 2005 for audit fees relating to the review of *pro forma* financial statements, the issuance of required comfort letters, and the preparation of the management information circular respecting the Corporation's acquisition of Athanor B.V.

Exemption

The Corporation, as a "venture issuer", is relying on the exemption in section 6.1 of MI 52-110.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation provides, at its expense, insurance for the Corporation's directors and officers as well as directors and officers of the Corporation's affiliates and subsidiaries. The insurance is for liability incurred by any of them in their capacity as a director or officer of the Corporation. This insurance policy

provides coverage of up to \$5,000,000 for the directors and officers of the Corporation in aggregate. Each loss or claim is subject to a \$100,000 deductible. The By-laws of the Corporation provide indemnification of the directors and officers, subject to certain limitations. The annual premium for the directors' and officers' liability policy is \$41,000.

OTHER BUSINESS

While there is no other business other than that mentioned in the Notice to be presented to the shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Securityholders may contact the Corporate Secretary of the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis at (403) 205-3722.

Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

APPROVAL OF THE DIRECTORS

The contents and the distribution of this Management Information Circular have been approved by the Board of Directors of the Corporation.

SCHEDULE “A”

WINSTAR RESOURCES LTD.

MANDATE OF THE AUDIT COMMITTEE

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. 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.