

# WestFire Announces 2011 Year End Results and Provides Operations Update

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## Year end results confirm significant per share growth in production, cash flow and reserves

CALGARY, ALBERTA -- ([Marketwire](#) - March 27, 2012) - [WestFire Energy Ltd.](#) ("WestFire" or the "Company") (TSX:WFE) today filed its audited Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2011 on SEDAR. These may be viewed at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.westfireenergy.com](http://www.westfireenergy.com).

## 2011 HIGHLIGHTS

- 2011 production averaged 5,809 barrels of oil equivalent per day ("boepd) for an increase of 131 percent year over year or 38 percent growth per diluted share and increased oil and liquids weighting to 66 percent from 49 percent in the prior year;
- Fourth quarter 2011 production averaged 8,601 boepd for an increase of 207 percent over the fourth quarter of 2010 or 46 percent per diluted share;
- 2011 exit production of 9,300 boepd, exceeding its 9,000 boepd exit rate guidance;
- 2011 funds flow from operations of \$74.2 million (\$1.17 per diluted share) for an increase of 276 percent year over year or 125 percent per diluted share;
- Fourth quarter funds flow from operations of \$29.5 million or \$0.35 per diluted share, translating to an annualized funds flow per share of \$1.40;
- Proved plus probable reserves of 43.3 MMboe for an increase of 204 percent year over year, translating to annual reserves growth of 82 percent per diluted share;
- Finding, development and acquisition costs ("FD&A") excluding future development capital of \$16.76 per boe (2010 - \$14.14 per boe) generating a 2011 recycle ratio of 2.5 (operating netback divided by FD&A) (2010 - 2.5) based on total proved plus probable;
- FD&A including future development capital of \$21.90 per boe (2010 - \$31.38 per boe) generating a 2011 recycle ratio of 1.9 (2010 - 1.1) based on total proved plus probable;
- Production replacement ratio of 13.7 for proved plus probable reserves;
- \$75.2 million of remaining borrowing capacity on the Company's \$200 million banking facility or 38 percent of unutilized debt capacity with a net debt to fourth quarter annualized funds flow ratio of 1:1;
- 10 percent increase in net asset value to \$8.71 per diluted share (2010 - \$7.91);
- 100 percent success rate on 115 gross wells drilled during the year;
- On track to drill 55 gross (49.3 net) wells in the first quarter of 2012, most active quarter in WestFire's history; and
- On December 19 announced that its Board of Directors had initiated a process to identify, examine and consider a range of strategic alternatives available to the Company with a view to enhancing shareholder value.

2011 FINANCIAL HIGHLIGHTS Three  
Months  
Ended  
December  
31, Year

Ended  
 December  
 31,  
 (\$ thousands except per share data) 2011 2010(5) 2011 2010(5)  
 Financial  
 Petroleum and natural gas sales 56,192 13,367 142,822 43,432  
 Funds flow from operations (1) 29,450 5,916 74,220 19,747  
 Per share - basic 0.35 0.15 1.17 0.52  
 Per share - diluted 0.35 0.15 1.17 0.52  
 Net loss (66,612 ) (1,007 ) (52,667 ) 772  
 Per share - basic (1) (0.80 ) (0.03 ) (0.83 ) 0.02  
 Per share -diluted(1) (0.80 ) (0.03 ) (0.83 ) 0.02  
 Capital expenditures, net 72,553 17,643 179,995 72,007  
 Capital Structure  
 Bank debt 124,000 8,089 124,000 8,089  
 Working capital deficiency(2) 753 13,918 753 13,918  
 Net debt(1)(3) 124,753 22,007 124,753 22,007  
 Bank facility 200,000 - 200,000 -  
 Shares Outstanding, end of period (thousands)  
 - basic 82,969 39,935 82,969 39,935  
 -diluted 83,066 40,170 83,383 40,174

## 2011 OPERATING HIGHLIGHTS Three

Months  
 Ended  
 December  
 31, Year  
 Ended  
 December  
 31,  
 2011 2010(5 ) 2011 2010(5 )  
 Operating (6:1 boe conversion)  
 Average daily production  
 Liquids (bbls per day) 5,872 1,601 3,839 1,228  
 Natural gas (Mcf per day) 16,376 7,209 11,822 7,707  
 Barrels of oil equivalent (boe per day) 8,601 2,802 5,809 2,513  
 Average prices(4)  
 Oil and NGL (\$/bbl) 91.77 73.71 86.61 69.87  
 Natural gas (\$/Mcf) 3.33 3.79 3.85 4.30  
 Total (\$/boe)(4) 71.01 51.85 67.36 47.35  
 Netback (\$/boe)  
 Petroleum and natural gas revenues 71.01 51.85 67.36 47.35  
 Royalties (7.49 ) (5.92 ) (7.94 ) (5.16 )  
 Operating expenses (16.83 ) (18.42 ) (16.39 ) (17.74 )  
 Transportation expenses (1.31 ) (1.11 ) (1.26 ) (1.11 )  
 Realized derivative gains (losses) (1.75 ) 2.44 (0.40 ) 2.46  
 Operating netback 43.63 28.84 41.37 25.80

(1) Non-GAAP (generally accepted accounting principles) measure.

(2) Working capital excludes the fair value of unrealized financial contracts and future taxes.

(3) Net debt includes bank debt and working capital.

(4) The average prices reported are before realized derivatives gains (losses) and transportation charges.

(5) Certain amounts have been restated in accordance with the adoption of IFRS.

## 2011 OVERVIEW

WestFire currently operates in three Viking core areas; Redwater and Provost in Alberta and Plato/Lucky Hills/ Doddsland in west central Saskatchewan as well as its Kaybob South Swan Hills core area in Alberta. The Company's primary focus and area of highest activity is the development of its low-risk Viking light oil resource play primarily at Redwater and Plato which represented approximately 3,755 boepd (40 percent) of total 2011 exit production.

WestFire experienced significant change and growth during 2011 highlighted by the strategic acquisition of Orion Oil & Gas Corporation ("Orion") on June 30 and a complementary asset acquisition at Redwater on December 9. The Orion acquisition aligned with the Company's strategic direction by increasing its high operatorship position in the Viking light oil resource play at Redwater by five net sections as well as adding

Ellerslie light oil production also at Redwater. Additionally, the Orion acquisition provided the benefit of stable free funds flow generation from the Swan Hills liquids-rich natural gas at Kaybob South which during the second half of 2011 had operating netbacks of \$26.23 per boe. The complementary Redwater asset acquisition added 10 sections of undeveloped lands in the Viking containing in excess of 100 estimated potential horizontal drilling locations plus approximately 600 boe per day of Viking production.

Through these acquisitions and organic drilling activity, WestFire increased 2011 average production to 5,809 boepd representing 131 percent growth year over year, and production per diluted share growth of 38 percent. WestFire exited the year with production of 9,300 boepd, an increase of 210 percent (86 percent per diluted share) over the 2010 exit rate. Proved plus probable reserves increased 204 percent to 43.3 mmoeb representing growth per diluted share of 82 percent.

WestFire's focus on its low-risk Viking light oil assets increased the Company's oil and natural gas liquids weighting to 66 percent from 49 percent in the prior year. When coupled with continued strong oil and natural gas liquids prices, the result was a 60 percent increase in the Company's operating netback to \$41.37 (2010 - \$25.80) for the year and \$43.63 (2010 - \$28.84) for the fourth quarter.

As at December 31, 2011, WestFire has amassed an extensive Viking land position and drilling inventory at Redwater and west central Saskatchewan of 148,500 net acres. These lands contain a drilling inventory in excess of 1,000 net risked Viking light oil horizontal locations of which only 350.6 net locations are recognized in the Company's year ended December 31, 2011 reserves evaluation prepared by GLJ Petroleum Consultants Ltd. (the "GLJ Report").

## **OPERATIONS UPDATE**

### **Viking Horizontal Light Oil Development**

In 2011, the Company drilled 51 (50.0 net) wells in its Redwater core area. The first quarter of 2012 has seen WestFire accelerate its drilling program with two rigs active in Redwater drilling 29 (27.8 net) wells year to date.

During 2011, the Company completed the balance of its 22 well Viking vertical core-hole program with the drilling of 16 (16.0 net) wells. This program enabled the Company to better define reservoir characteristics on its extensive Viking land holdings at Redwater, Alberta and Plato, Saskatchewan in order to optimize future horizontal drilling locations.

Encouraged by results from the core well program, the Company renewed its activity level in Plato with the drilling of seven (7.0 net) wells in the second half of 2011 and an additional 16 wells (16 net) year to date 2012. Initial results from these new wells have shown very encouraging results due to enhanced well optimization techniques including the Company's recent modifications to its previously disclosed hot-frac technology.

At Lucky Hills in 2011, the Company participated in 21 (10.5 net) wells through its joint venture with a private operator. During the first quarter of 2012, nine (4.5 net) wells have been drilled. Given the positive results to date, an additional 38 (19.0 net) wells and the construction of a new central facility and associated pipelines are planned for the balance of the year. The private operator has now fully satisfied the terms of its farm-in arrangement with the Company through the drilling of the first 30 wells, with all future drilling and development activities to be funded by the Company in accordance with its fifty percent joint venture working interest as a non-operator.

In aggregate, WestFire drilled 89 (77.5 net) Viking horizontal oil wells at a cost of \$112.8 million during 2011 representing 63 percent of the Company's total 2011 capital investment program of \$180 million.

With high operating netbacks and continually improving initial production rates, the Viking is becoming one of the most economic resource plays in the Canadian western sedimentary basin.

## **FINANCIAL UPDATE**

WestFire's 2011 results were substantially bolstered through the Company's Viking drilling success, the two acquisitions, and a continued strong oil and natural gas liquids price environment. WestFire's funds flow from operations increased 276 percent over 2010 to \$74.2 million, representing 125 percent growth per diluted share (93 percent on a debt adjusted basis). Fourth quarter funds flow from operations was \$29.5 million representing \$0.35 per diluted share or \$1.40 on an annualized basis.

The significant increase in funds flow from operations for 2011 resulted from a 131 percent increase in

annual production further enhanced by a 60 percent increase in WestFire's operating netback year over year as the proportion of Viking light oil production increases.

For the year, the Company realized an average combined petroleum and natural gas sale price of \$67.36 per boe (2010 - \$47.35), including realized settlement losses of \$0.40 per boe from the Company's hedging program. Royalty rates averaged 11.8 percent in 2011 (2010 - 10.9 percent) as a result of lower natural gas prices, Alberta and Saskatchewan new well drilling incentives and higher gas-cost allowance recoveries in Alberta. Operating costs declined by 8 percent to \$16.39 per boe in 2011 (2010 - \$17.74) reflecting the Company's continued focus on operational efficiencies plus the addition of new Viking oil production with average incremental operating costs of less than \$5.00 per boe.

WestFire's net capital expenditures (including property acquisitions of \$40.3 million, but excluding the Orion Acquisition) was \$180.0 million in 2011. A total of \$112.8 million was invested into the development of the Viking with \$78.4 million at Redwater, \$10.5 million at Plato, \$14.5 million at Provost and \$9.4 million in west central Saskatchewan. Another \$12.1 million was invested at Kaybob South, \$12.5 million at Lloydminster with the remaining \$2.3 million in non-core operations.

Net debt increased to \$124.8 million at December 31, 2011 (2010 - \$22.0 million), due in part to \$52.8 million of debt assumed with the Orion acquisition along with incremental borrowings to partially finance the Company's 2011 second half capital program and the fourth quarter Viking asset acquisition. At year-end, the Company's financial position remained strong with approximately \$75.2 million available on its credit facility and a net debt to fourth quarter annualized funds flow ratio of 1:1. WestFire has commenced its annual bank facility review in connection with the completion of the GLJ Report.

## NET ASSET VALUE

At December 31, 2011, WestFire's net asset value was \$8.71 per diluted share using proved plus probable reserves discounted at 10 percent as evaluated by GLJ under the standards of NI 51-101 and an external independent assessment of undeveloped land value. The net asset value is a point in time calculation and is based on various assumptions, including commodity prices and foreign exchange rates that vary over time. It should not be assumed that the net asset value represents the fair market value. Forecast prices used in this assessment were the GLJ price forecast as of January 1, 2012. No value was assigned for the Company's proprietary seismic.

The calculation of net asset value per diluted share is outlined in the following table:

At December 31, (\$ thousands except as noted) 2011 2010

Net present value of P&NG reserves, discounted at 10% before tax(1)	\$ 815,705	\$ 291,588
Undeveloped land(2)	42,100	51,909
Net debt (124,753 )	(20,007 )	
Proceeds from exercise of stock options	31,898	19,400
Net asset value	\$ 764,950	\$ 340,890
Fully diluted common shares outstanding (000s)	87,818	43,054
Net asset value per diluted share (\$/Share)	\$ 8.71	\$ 7.91
(1) Net present value of reserves evaluated by GLJ as of December 31, 2011, in accordance with the standards of NI 51-101 using forecasted prices and costs, discounted at ten percent before taxes.		
(2) Independent Land Evaluations Inc. evaluation effective December 31, 2011 and 2010.		

## CAPITAL PROGRAM EFFICIENCY

The efficiency of the Company's capital program for each of the three years ended December 31, and a three year average is summarized below:

2011	2010	2009	Three year average
Proved	Proved	Proved	+
Probable	Probable	Probable	+
Probable	Probable	Probable	+
Probable	Probable	Probable	+
Capital Expenditures (\$ thousands)			
Development expenditures(1)	138,854	138,854	\$71,959 \$71,959 \$18,612 \$18,612 229,425 229,425

Change in future development capital ("FDC") 140,282 160,148 \$61,956 \$91,679 \$23,403 \$50,124 225,641 301,951

All in development capital(1) 279,136 299,002 \$133,915 \$163,638 \$42,015 \$68,736 455,067 531,377

Acquisitions (net of dispositions)(2) 383,519 383,519 \$3,222 \$3,222 \$26,189 \$26,189 412,930 412,930

Total Capital 662,656 682,522 \$137,137 \$166,860 \$68,204 \$94,925 867,996 944,306

Reserves Additions (Mboe)

Development 5,346 6,699 3,220 4,925 1170 2479 9,736 14,103

Acquisitions (net of dispositions) 17,488 24,465 211 30 1,570 2,958 19,269 27,453

Total Additions (including revisions) 22,834 31,164 3,739 5,317 2,922 5,241 29,495 41,722

Finding and development costs ("F&D") (\$/boe)(1)

F&D without change in FDC 25.97 20.73 22.35 14.61 15.91 7.51 23.56 16.27

F&D with change in FDC 52.22 44.63 41.59 33.23 35.91 27.73 46.74 37.68

Acquisition costs (\$/boe)(2)

Acquisition costs (net of dispositions) (\$/boe) 21.93 15.68 15.27 107.39 16.68 8.85 21.43 15.04

Finding, development and acquisition costs ("FD&A") (\$/boe)(3)

FD&A without change in FDC 22.88 16.76 20.11 14.14 15.33 8.55 21.78 15.40

FD&A with change FDC (\$/boe) 29.02 21.90 36.68 31.38 23.34 18.11 29.43 22.63

Recycle Ratio (excluding FDC)(4)

Operating netback (\$/boe) \$41.37 \$41.37 \$34.79 \$34.79 \$25.02 \$25.02 \$33.75 \$33.75

FD&A without change in FDC 22.88 16.76 20.11 14.14 15.33 8.55 21.78 15.40

Recycle ratio 1.8 2.5 1.7 2.5 1.6 2.9 1.5 2.2

Recycle Ratio (including FDC)(4)

Operating netback (\$/boe) \$41.37 \$41.37 \$34.79 \$34.79 \$25.02 \$25.02 \$33.75 \$33.75

FD&A with change in FDC 29.02 21.90 36.68 31.38 23.34 18.11 29.43 22.63

Recycle ratio 1.4 1.9 0.9 1.1 1.1 1.4 1.1 1.5

Reserves

Reserves additions including revisions (mboe) 22,714 29,044 2,822 4,400 2,382 4,701

Total annual production(mboe) 2,120 2,120 917 917 540 540

Production replacement ratio 9.8 13.7 3.1 4.8 4.4 8.7 5.8 9.1

Reserve Life Index ("RLI")

Total Company Interest reserves (mboe) 28,903 43,289 8,185 14,239 5,363 9,839

Total December production (mboe) 3,229 3,229 1,072 1,072 1,904 1,904

RLI based on Dec annualized production (yrs) 9.0 13.4 7.6 13.3 7.7 14.2

(1) The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

(2) The acquisition costs related to corporate acquisitions reflect the consideration paid for the shares acquired plus the net debt assumed, both valued at closing and does not reflect the fair market value allocated to the acquired oil and gas assets under Generally Accepted Accounting Principles.

(3) Calculation includes reserve revisions. WestFire calculates FD&A costs which incorporate both the costs and associated reserve additions related to acquisitions net of any dispositions during the year. Since acquisitions can have a significant impact on WestFire's annual reserve replacement costs, the Company believes the FD&A costs provide a more meaningful portrayal of WestFire's cost structure.

(4) Recycle Ratio is the operating netback divided by FD&A. Operating netback is calculated as revenue minus royalties, operating expenses, and transportation expenses. Operating netback is specific to a point in time and therefore will be unique to the year stated. WestFire uses the December average for the specific year.

(5) Production replacement ratio is calculated as total reserves added in the year divided by production for the same year.

(6) Reserves life index is the ratio of year end reserves divided by the December average production rate.

## OUTLOOK

WestFire is currently on track to drill 55 (49.3 net) Viking horizontal light oil development wells in the first quarter of 2012 out of a full year budget of 110 (105.5 net) development wells.

Based on the encouraging results to date and a protracted spring break-up, the Company plans to employ two drilling rigs to continuously drill Viking horizontal light oil development wells at Redwater and Plato.

An aggressive \$155.0 million capital program primarily allocated (85 percent) towards the Viking coupled with a budgeted 2012 annual production average of 9,750 boepd, high operating netbacks and a strong balance sheet to fund its operations, the Company is well positioned to continue on trend with the delivery of very competitive production and reserves growth in 2012.

## **STRATEGIC ALTERNATIVES UPADATE**

On December 19, 2011, WestFire announced that its Board of Directors had decided to initiate a process to identify, examine and consider a range of strategic alternatives available to the Company with a view to enhancing shareholder value. Consistent with WestFire's press release of December 19, 2011, the Company does not intend to disclose developments with respect to the process unless and until the Board of Directors has approved a specific transaction or otherwise determines that disclosure is appropriate.

With the release of the Company's annual reserves update on March 20, 2012, WestFire has opened its confidential data room. The Company has not established a definitive schedule to complete its identification, examination and consideration for completion of its strategic alternatives process.

WestFire has engaged Cormark Securities Inc. as its financial advisor and parties interested in obtaining further information regarding the process can contact Cormark at [westfire@cormark.com](mailto:westfire@cormark.com).

## **ANNUAL MEETING OF SHAREHOLDERS**

WestFire's Annual Meeting of Shareholders is currently scheduled for Tuesday, May 29, 2012 at 3:30 p.m., Calgary time, at the Calgary Petroleum Club, 319-5th Avenue S.W. Calgary, Alberta.

## **CAUTIONARY STATEMENTS**

### **Reserves and Operational Information**

The reserves data set forth in this press release is based upon an independent reserve assessment and evaluation ("the GLJ Report") prepared by GLJ Petroleum Consultants Ltd. with an effective date of December 31, 2011 and dated March 13, 2012 and summarizes the Company's crude oil, natural gas liquids and natural gas reserves and the net present values before income taxes of future net revenue for the Company's reserves using forecast prices and costs based on the GLJ Report. The GLJ Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101.

The recovery and reserve estimates of our crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

The reserve data provided in this release only represents a summary of the disclosure required under NI 51-101. Additional disclosure will be provided in the Company's Annual Information Form filed at [www.sedar.com](http://www.sedar.com) on or before March 30, 2012.

### **Financial information**

In relation to the disclosure of net asset value ("NAV"), the NAV table shows what is normally referred to as a "produce-out" NAV calculation under which the current value of the Company's reserves would be produced at forecast future prices and costs and do not necessarily represent a "going concern" value of the Company. The value is a snapshot in time and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. It should not be assumed that the future net revenues estimated by GLJ represent the fair market value of the reserves, nor should it be assumed that the estimated value of its undeveloped land holdings, independently evaluated by Independent Land Evaluations Inc., represent the fair market value of the lands.

### **Financial Outlooks**

Included in this press release are estimates of WestFire's Viking capital efficiency outlooks, which are based on the various assumptions as to production levels, capital expenditures, and other assumptions disclosed in this press release and including commodity price assumptions (Natural Gas: AECO - \$3.75/mcf and Oil: WTI - \$90.00 US) as well as exchange rate assumptions of \$1.00 (US/CDN). To the extent such estimates constitute a financial outlook, they were approved by management of WestFire on March 26, 2012 and are included to provide readers with an understanding of WestFire's anticipated Viking capital efficiency on the capital expenditures and other assumptions described herein and readers are cautioned that the information

may not be appropriate for other purposes. See "Non-GAAP Measures Advisory".

### **Non-GAAP Measures Advisory**

Readers are cautioned that the above information includes non-GAAP measures not defined International Financial Reporting Standards ("IFRS") and prior thereto, Canadian GAAP, including net debt, funds flow from operations, net debt, debt utilization, debt adjusted production and funds flow growth, operating netback, recycle ratio, reserve replacement ratio and reserve life index. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. Net Debt is current liabilities less current assets, excluding the current portion of future tax assets. Funds flow from operations is calculated as cash provided by operating activities before the change in non-cash working capital. The Company considers funds flow from operations to be an important measure of WestFire's ability to generate the funds necessary to finance capital expenditures and repay debt. Debt utilization is the percentage of available borrowing capacity against the Company's bank borrowing facility, debt adjusted production and funds flow growth per share are calculated by dividing production growth/funds flow growth for the period by weighted average shares outstanding adjusted for the change in net debt during the period (calculated by dividing average net debt for the period by average trading price of the Company's shares), Operating netback is calculated as revenue minus royalties, operating expenses, transportation expenses, and taxes. Operating netback is specific to a point in time. Recycle ratio is calculated as operating netback divided by the finding, development and acquisition (FD&A) costs. Recycle ratio is included for investors and operators as a measure of capital efficiency. Production replacement ratio is calculated as total reserves added in the year divided by production for the same year. Reserve life index is the ratio of reserves divided by the current annual production rate. Reserves life index is included for investors and operators as a measure of the company's sustainability.

### **Forward-looking information and statements**

This news release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: the number of wells to be drilled in the first quarter of 2012; the benefits derived from completed acquisitions; the number of potential horizontal drilling locations; the total drilling inventory; future IP rates; the number of drilling rigs to be operated in 2012; anticipated capital efficiency including projected FD&A, projected netbacks and projected recycle ratios; anticipated reserves and production growth in 2012 and beyond; disclosure intentions with respect to strategic alternative review process; schedule for the Company's annual shareholders' meeting; the volumes and estimated value of WestFire's oil and gas reserves; the life of WestFire's reserves; the volume and product mix of WestFire's oil and gas production; future oil and natural gas production and prices; future results from operations and operating metrics; and future costs expenses and exchange rates.

In addition, forward-looking statements or information are based on a number of material factors, expectations or assumptions of WestFire which have been used to develop such statements and information but which may prove to be incorrect. Although WestFire believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because WestFire can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: results from drilling and development activities consistent with past operations; the continued and timely development of infrastructure in areas of new production; continued availability of debt and equity financing and cash flow to fund WestFire's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which WestFire operates; the timely receipt of any required regulatory approvals; the ability of WestFire to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which WestFire has an interest in to operate the field in a safe, efficient and effective manner; the ability of WestFire to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of WestFire to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which WestFire operates; and the ability of WestFire to successfully market its oil and natural gas products.

The forward-looking information and statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statement, including the

assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to defer materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of WestFire's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of WestFire or by third party operators of WestFire's properties, increased debt levels or debt service requirements; inaccurate estimation of WestFire's oil and gas reserve and resource volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time-to-time in WestFire's public disclosure documents, (including, without limitation, those risks identified in this news release and WestFire's Annual Information Form to be filed on SEDAR on or before March 30, 2011).

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and WestFire does not assume any obligation to publicly update or revise any of the included forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

### **BOE Equivalent**

Barrel of oil equivalents or BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

### **FD&A Costs**

Under NI 51-101, the methodology to be used to calculate FD&A costs includes incorporating changes in future development capital required to bring the proved undeveloped and probable reserves to production. For continuity, WestFire has presented herein FD&A costs calculated both excluding and including FDC. Changes in forecast FDC occur annually as a result of development activities, acquisitions and disposition activities and capital cost estimates that reflect the independent evaluator's best estimate of what it will cost to bring the proved undeveloped and probable reserves on production.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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