



## PRESS RELEASE

### **WESTFIRE INITIATES PROCESS TO IDENTIFY STRATEGIC ALTERNATIVES TO ENHANCE SHAREHOLDER VALUE**

CALGARY, Alberta, (December 19, 2011) WestFire Energy Ltd. ("**WestFire**" or the "**Company**") (TSX:WFE) is pleased to announce that its Board of Directors has 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.

Strategic alternatives may include, but are not limited to, a sale of all or a material portion of the assets of WestFire, either in one transaction or in a series of transactions, the outright sale of the Company, or merger or other transaction involving WestFire and a third party. For the purposes of considering strategic alternatives, WestFire has established a special committee consisting of independent directors, John Brussa (Chair), Christopher Fong and Roger Thomas and the Company's Executive Chairman, Ed Chwyl (being a non-voting member) to oversee the process. WestFire has engaged Cormark Securities Inc. as its financial advisor in connection with the process.

The Board of Directors has determined that the Company's shares trade at a significant discount to the value of its underlying assets, especially given its high quality, low cost, operated asset base, which generates operating netbacks that are top quartile in industry, its strong balance sheet, its fully funded 2012 capital expenditure program, its large undeveloped land position and its multi-year drilling inventory with over 1,000 net prospective locations in its three core Viking light oil resource play project areas at Redwater and Provost, Alberta and Plato, West Central Saskatchewan. WestFire's Viking development at Redwater and Provost continues to exceed the Company's expectations and WestFire continues to be encouraged with recent results at Plato.

Lowell Jackson, President and Chief Executive Officer of WestFire said, "WestFire is well positioned to continue to develop its Viking light oil resource play projects. With our balance sheet strength and strong cash flows, we are fully funded to execute our 2012 capital program and we are well positioned with three rigs contracted to execute on a very active first quarter drilling program with 40 (35.5 net) Viking wells planned prior to spring breakup. WestFire currently expects production to average 9,750 boe/d during 2012, which represents per share production growth of approximately 30% over 2011. WestFire's 2012 production mix is targeted to be 71% high netback oil and liquids and 29% natural gas. However, despite our organic production growth and accretive acquisitions, WestFire's shares trade at a substantial discount to the underlying value of our assets and WestFire believes it is in the best interests of all shareholders to initiate a strategic alternatives review process at this time."

Parties interested in obtaining further information regarding the process or the Company can contact Cormark Securities at [westfire@cormark.com](mailto:westfire@cormark.com). The Company has engaged its independent reserve evaluator to commence the preparation of its annual reserve report which is anticipated to be completed in mid-February, 2012.

This strategic alternative review process has not been initiated as a result of receiving any offer and there are no assurances that a transaction will be undertaken. It is WestFire's current intention not 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 necessary. The Company cautions that there are no assurances or guarantees that the process will result in a transaction or, if a transaction is undertaken, the terms or timing of such transaction. Given the current preparation of the Company's annual independent reserves report and the expected timing of its completion, the Company has not established a definitive schedule to complete its identification, examination and consideration of strategic alternatives.

#### **About WestFire**

WestFire is a Calgary, Alberta based oil and gas exploration, development and production company whose shares are traded on the Toronto Stock Exchange under the trading symbol of "WFE".

#### **For further information please contact:**

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

#### **Cautionary Statements**

##### **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 potential results of the strategic alternative review process and enhancement of shareholder value; disclosure intentions with respect to the strategic alternative review process; the timing of the completion of the Company's annual independent reserve report, the number of prospective drilling locations in its three core areas; the funding of the 2012 capital expenditure program; 2012 production rates; the Company's financial strategy and balance sheet; the timing for completion and equipping of wells; the volume and product mix of WestFire's oil and gas production; the ability to develop the Company's Viking light oil resource play, benefits from employing modern reservoir techniques; the use of the Company's cash flow from operations; future production guidance and growth, per share growth, the number of wells to be drilled and potential development drilling and number of potential horizontal Viking oil development locations.*

*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; the ability of WestFire to successfully market its oil and natural gas products; that all necessary regulatory approvals will be obtained as and when required, that there will be no*

*material adverse change in the Company's affairs or laws, rules or regulations relating to the Company, its securities or business, there will be no regulatory proceedings involving the Company or any of its directors or officers, or any cease trade or other order prohibiting or restricting trading in the Company's securities and no major national or international event will have occurred that has or could reasonably be expected to have a material adverse effect on financial markets or the business, operations or affairs of the Company.*

*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 differ 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, unfavorable 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 filed on SEDAR).*

*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.*