



PRESS RELEASE

WESTFIRE ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2011

CALGARY, Alberta, (August 11, 2011) WestFire Energy Ltd. ("WestFire" or the "Company") (TSX:WFE) is pleased to announce its financial and operating results for the three and six month period ended June 30, 2011.

Highlights

- Produced a quarterly record of 3,308 barrels of oil equivalent per day (boepd) for Q2 2011, compared to 2,374 boepd during Q2 2010, an increase of 39%. This also represents an increase of 19% over the Q1 2011 average volumes of 2,773 boepd. Production per share increased 14% from Q2 2010 and 10% from Q1 2011 in spite of abnormally wet weather during the quarter;
- Oil production averaged 2,243 barrels of oil per day ("bopd") during Q2 2011 (an increase of 121% from Q2 2010 and an increase of 34% from Q1 2011. Oil production per share in Q2 2011 increased 81% over Q2 2010 and 23% over Q1 2011;
- Generated a record quarterly funds flow from operations ("FFO") of \$10.6 million (\$0.24 per share basic) in Q2 2011, despite \$3.3 million of one-time general and administration and finance charges associated with the merger with Orion and the new bank facilities. Excluding these one-time items, FFO would have been \$13.9 million or \$0.31 per share basic;
- Reduced operating and transportation costs from \$16.69 per boe in Q2 2010 to \$15.04 per boe in Q2 2011, a 10% decrease. Operating and transportation costs in Q2 2011 were \$13.89 per boe and \$1.15 per boe respectively;
- Increased bank line to \$200 million; and
- Drilled 17 (16.5 net) wells in the second quarter of 2011, all successful oil wells.

On June 30, 2011, the Company closed the strategic merger with Orion Oil & Gas Corporation ("Orion"). The merger was transformational for WestFire as it significantly enhances and accelerates the Company's ability to develop its Viking light oil resource play at Redwater and Provost in Alberta and at Dodsland and Plato in west central Saskatchewan. Orion adds an important attribute of low decline, liquids rich natural gas and light oil production that provides a strategic fit at Redwater and significant free cash flow to deploy toward WestFire's large Viking drilling inventory.

Financial Results

In addition to the "Financial and Operating Highlights" table below, the financial statements and related management's discussion and analysis (MD&A) for the period ended June 30, 2011 will be available on the company's website and on the SEDAR website.

(\$ thousands except share and production information)	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Financial				
Oil and gas revenues	21,377	9,290	35,062	20,108
Cash provided by operating activities	4,242	(1,409)	10,788	11,238
Funds flow from operations ⁽¹⁾	10,641	4,546	17,322	9,814
Per share – basic and diluted ⁽¹⁾	0.24	0.12	0.40	0.28
Net income	4,387	222	2,518	2,640
Per share – basic and diluted	0.10	0.01	0.06	0.07
Bank Debt			52,800	-
Working capital deficiency ⁽²⁾			5,404	1,855
Net debt ⁽¹⁾⁽³⁾			58,204	1,855

Capital expenditures (including non-cash) ⁽⁴⁾	379,736	22,711	407,075	40,132
Common and convertible non-voting shares				
Outstanding – basic ⁽⁵⁾	82,968,941	39,035,315	82,968,941	39,035,315
Outstanding – diluted ⁽⁵⁾	83,534,442	39,035,315	83,582,100	39,437,501
Weighted average– basic	44,822,186	36,758,831	42,986,415	35,979,044
Weighted average– diluted	45,387,687	37,171,070	43,599,574	36,381,230
Sales Volumes				
Oil and NGL (bbls per day)	2,243	1,018	1,961	1,046
Natural gas (Mcf per day)	6,392	8,138	6,485	8,149
Barrels of oil equivalent (boe per day) ⁽²⁾⁽⁶⁾	3,308	2,374	3,042	2,405
Average selling prices⁽⁷⁾				
Oil and NGL (\$/bbl)	92.99	67.71	85.33	69.44
Natural gas (\$/Mcf)	4.12	4.18	4.07	4.77
Total (\$/boe)	71.01	43.00	63.68	46.20
Netback (\$/boe)				
Revenue	71.01	43.00	63.68	46.20
Realized derivative gains (losses)	(0.46)	2.85	0.21	1.89
Royalties	5.24	3.59	5.39	4.65
Operating expenses	13.89	15.52	15.49	15.53
Transportation expenses	1.15	1.21	1.15	1.17
Netback⁽¹⁾	50.27	25.54	41.87	26.74

(1) Non-GAAP (generally accepted accounting principles) measure. See “Non-GAAP Measurements” in WestFire’s MD&A.

(2) Working capital deficiency does not include the current portion of the risk management contracts or the current portion of bank debt.

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

(4) Includes \$350,773 attributed to the merger with Orion completed on June 30, 2011.

(5) Includes 22,527,938 voting and 15,613,689 convertible non-voting shares issued pursuant to the merger with Orion on June 30, 2011.

(6) Six thousand cubic feet of natural gas is equivalent to one barrel of oil.

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

Orion Oil & Gas Corporation

Through the merger with Orion, WestFire added a significant operating interest in the giant Kaybob South Beaverhill Lake pool which contained 3.7 trillion cubic feet of original gas-in-place (“OGIP”) with associated liquids of 1.1 billion barrels (both figures from published ERCB estimates). The field was discovered in 1961 and was developed through vertical drilling in the 1960’s and 1970’s. In the early life of the pool, it was operated as a gas cycling project to recover natural gas liquids before being placed into concurrent natural gas and liquids production. Over the last fifteen years, the pool has exhibited a low and stable production decline rate of approximately 10% per annum. WestFire believes that employing modern reservoir management techniques could lead to higher recovery factors from this substantial resource.

Orion’s other core area is the Redwater Viking and Ellerslie light oil property. This asset is synergistic to the Company’s existing production and further solidifies WestFire’s Redwater position. WestFire estimates that there are upwards of 60 light oil drilling locations on the Orion Redwater lands.

Operational Review

WestFire continued its aggressive drilling program focusing entirely on oil projects. This resulted in record oil volumes in the second quarter which will continue to grow as only 11 (11.0 net) wells of the 17 (16.5 net) wells drilled in the quarter commenced production in June 2011.

On the Viking play, 13 (12.5 net) horizontal wells were drilled in the second quarter. Twelve (12.0 net) of these wells were drilled at Redwater while one (0.5 net) well was drilled in the Lucky Hills area of west central Saskatchewan. A total of 24 (24.0 net) wells have been drilled at Redwater since the start of 2011. Initial 30 day production rates have averaged 76 boepd (91% oil) on 19 wells, with 60 day rates averaging 64 boepd (92% oil) on 16 wells and 90 day rates averaging 62 boepd (92% oil) on 14 wells. These production results are exceeding the type curve utilized by our independent engineers.

At Lloydminster, four (4.0 net) Lloydminster horizontal oil wells were drilled. These wells were placed on stream near the end of June.

Drilling activities continued in July with six rigs operating. Five rigs are drilling Viking horizontal wells and one rig is operating at Kaybob.

Outlook

WestFire has increased its 2011 capital expenditure budget to \$133 million as a result of the merger with Orion. As a result of the increased capital, WestFire now expects to drill 99 (87.7 net) wells of which 80 (69.0 net) wells will be on the Viking light oil resource play. The Company is uniquely positioned as an intermediate oil focused company with the free funds flow from operations and expanded credit facilities that allow for the acceleration of drilling activities on its large Viking drilling inventory.

The strategy going forward will be to target annual production growth at 15 to 20% per share, based on capital expenditures within free funds flow. We look forward to reporting on our progress.

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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 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 in the Kaybob South Beaverhill Lake pool, the use of the Company's cash flow from operations and expanded credit facilities; 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, no major national or international event will have occurred that has or would 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.