



## NEWS RELEASE

### WestFire Energy Ltd. Announces Fourth Quarter and Year End 2010 Results

CALGARY, Alberta, (March 23, 2011) WestFire Energy Ltd. (“WestFire” or “the Company”) (TSX:WFE) is pleased to announce its operating and financial results for the fourth quarter and year ended December 31, 2010.

#### HIGHLIGHTS

- Produced quarterly record of 2,802 barrels of oil equivalent per day (“boepd”) for Q4/10 and an annual record of 2,513 boepd (an increase of 70% over 2009);
- Increased oil weighting of Q4/10 production to 57% from 40% in the corresponding period in 2009;
- Increased total proved reserves 53% to 8.2 million barrels of oil equivalent (“MMboe”) and total proved plus probable reserves 45% to 14.2 MMboe;
- Replaced 480% of production based on proved plus probable reserves at finding, development and acquisition costs (“FD&A”) of \$14.14 per barrel of oil equivalent (“boe”) excluding future development capital (“FDC”);
- Realized a recycle ratio of 2.5 (operating netback divided by FD&A) based on total proved plus probable reserves excluding FDC;
- Increased net asset value by 26% to \$7.95 per share;
- Advanced development of our Viking light oil resources by increasing total proved reserves 91% to 4.6 MMboe and total proved plus probable reserves 87% to 8.6 MMboe;
- Continued to advance development techniques with the introduction of our “hot” frac process; and
- Drilled 53 (47.7 net) wells during the year with an overall success rate of 98%.

The following table provides a summary of WestFire's results for the three and twelve month periods ended December 31, 2010 and 2009. Consolidated financial statements with management's discussion and analysis (MD&A) will be available on the company's website and on the SEDAR website.

#### FINANCIAL AND OPERATING HIGHLIGHTS

Financial	Three Months Ended December 31,		Year Ended December 31,	
<i>(\$ thousands except share and production information)</i>	2010	2009	2010	2009
Oil and gas revenues	13,367	6,957	43,432	20,229
Cash provided by operating activities	6,005	2,585	21,725	6,510
Funds flow from operations <sup>(1)</sup>	5,820	2,674	19,747	7,395
Per share – basic and diluted <sup>(1)</sup>	0.15	0.10	0.52	0.31
Net income	(4,436)	11,829	(6,355)	6,636
Per share – basic and diluted <sup>(1)</sup>	(0.11)	0.43	(0.17)	0.27
Bank debt	8,089	-	8,089	-
Working capital deficiency <sup>(2)</sup>	12,481	3,379	12,481	3,379
Net debt <sup>(1)(3)</sup>	20,570	3,379	20,570	3,379
Capital expenditures (including non-cash)	11,883	32,998	76,221	49,079
Common shares outstanding – basic	39,935	35,158	39,935	35,158
Common shares outstanding – diluted	40,170	35,158	40,174	35,158
Weighted average shares– basic	39,254	27,734	37,575	24,169
Weighted average shares– diluted	39,489	27,734	37,814	24,169

<b>Operating</b>				
Average daily production				
Oil and NGL (bbls per day)	<b>1,601</b>	669	<b>1,228</b>	536
Natural gas (Mcf per day)	<b>7,209</b>	6,054	<b>7,707</b>	5,666
Barrels of oil equivalent (boe per day) <sup>(4)</sup>	<b>2,802</b>	1,678	<b>2,513</b>	1,480
Average selling prices <sup>(5)</sup>				
Oil and NGL (\$/bbl)	<b>73.71</b>	69.40	<b>69.87</b>	58.67
Natural gas (\$/Mcf)	<b>3.79</b>	4.82	<b>4.30</b>	4.23
Total (\$/boe) <sup>(4)</sup>	<b>51.85</b>	45.07	<b>47.35</b>	37.44
<b>Netback (\$/boe)</b>				
Revenue	<b>51.85</b>	45.07	<b>47.35</b>	37.44
Realized derivative gains (losses)	<b>2.44</b>	0.17	<b>2.46</b>	4.93
Royalties	<b>(5.92)</b>	(4.56)	<b>(5.16)</b>	(4.17)
Operating expenses	<b>(18.42)</b>	(17.11)	<b>(17.74)</b>	(18.23)
Transportation expenses	<b>(1.11)</b>	(1.28)	<b>(1.11)</b>	(1.17)
Netback	<b>28.84</b>	22.29	<b>25.80</b>	18.80

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

(2) Working capital does not include the current portion of the future tax asset.

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

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

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

## REVIEW OF OPERATIONS

WestFire increased both reserves and production in 2010 through a balanced approach of relatively low-risk Viking light oil horizontal drilling and selective acquisitions. This growth confirms the ongoing success of the Company's business plan. WestFire has built a large base of drilling opportunities on the Viking light oil resource play in Provost and Redwater, Alberta and west central Saskatchewan. During 2010, WestFire drilled and completed 26 (23.1 net) horizontal wells with multi-stage fracs in the Viking. In addition, three (2.7 net) Viking vertical wells were drilled. Seventeen (17.0 net) horizontal wells were drilled on our Lloydminster, Alberta heavy oil prospect, two (0.7 net) wells were horizontally drilled at Willesden Green, Alberta and five (4.2 net) wells were drilled at Bashaw, Alberta resulting in four (3.2 net) gas wells and one dry hole for an overall program success rate of 98%.

During 2010, WestFire completed the purchase of three private companies in the Provost area of Alberta. This acquisition represented a strategic entry point into a new Viking core area that complemented WestFire's existing Viking resource asset base.

In an effort to high grade and focus its asset base, the Company divested itself of five property packages representing 150 boepd of marginal production for total cash proceeds of \$6.6 million. These divested volumes were replaced with higher netback production from the drilling program in our core areas.

WestFire currently has five core operating areas which are Redwater, Bashaw, Provost and Lloydminster in Alberta and west central Saskatchewan. The Company's primary focus is the development of its Viking light oil resource play at Redwater and Provost, Alberta and west central Saskatchewan. The Lloydminster heavy oil horizontal and Bashaw multi-zone liquids-rich natural gas projects have evolved into self-sustaining, cash flow generating assets which help fund the Viking development.

Consistent with our previous guidance, our capital budget for 2011 is \$90 million which is designed to generate an average annual production of 4,000 boepd.

## FINANCIAL UPDATE

WestFire's financial performance strengthened in the fourth quarter of 2010. Funds flow from operations reached \$5.8 million (\$0.15 per basic and diluted share) as average production for the quarter climbed to 2,802 boepd, a 67% increase over the fourth quarter of 2009. Adding to this growth in production was a 29% increase in operating netback from the previous year mainly as a result of stronger oil prices.

Capital expenditures for Q4 2010 were \$11.9 million and were spent on drilling, completions, well equipment and land. Net debt was consistent with Q3 2010 levels as capital expenditures were funded by cash flow and the net proceeds of a flow-through share issue completed during the fourth quarter. At year-end 2010, the Company's financial position remained strong with over \$20 million available under its credit facility.

## CAPITAL PROGRAM EFFICIENCY

The efficiency of the Company's capital program for the year ended December 31, 2010, 2009 and 2008 is summarized below:

Capital (\$ thousands)	2010		2009		2008	
	Proved	Proved + Probable	Proved	Proved + Probable	Proved	Proved + Probable
Development expenditures <sup>(1)</sup>	71,959	71,959	18,612	18,612	20,060	20,060
Change in future development capital (FDC)	61,956	91,679	23,403	50,124	4,797	25,098
All in development capital <sup>(1)</sup>	133,915	163,638	42,015	68,736	24,857	45,185
Acquisitions (net of dispositions) <sup>(2)</sup>	3,222	3,222	26,189	26,189	51,390	51,390
All In Total Capital <sup>(1)(2)(3)</sup>	137,137	166,860	68,204	94,925	76,247	96,548
<b>Reserves Additions (Mboe)</b>						
Development	3,220	4,925	1,170	2,479	638	853
Acquisitions (net of dispositions)	211	30	1,570	2,958	2,462	4,297
Total Additions (including revisions)	3,739	5,317	2,922	5,241	3,173	5,211

## Finding, Developing and Acquisition Costs (\$/boe) (Excluding FDC)

	2010		2009		2008		Three Year Average	
	Proved	Proved + Probable	Proved	Proved + Probable	Proved	Proved + Probable	Proved	Proved + Probable
Development <sup>(1)</sup>	22.35	14.61	15.91	7.51	31.44	23.52	22.00	13.40
Acquisitions (net of dispositions) <sup>(2)</sup>	15.27	107.39	16.68	8.85	20.87	11.96	19.04	11.09
Total FD&A <sup>(3)</sup> (including revisions)	20.11	14.14	15.33	8.55	22.52	13.71	19.47	12.14
<b>Recycle Ratio (excluding FDC)<sup>(4)</sup></b>	1.7	2.5	1.6	2.9	1.5	2.4	1.5	2.4

## Finding, Developing and Acquisition Costs (\$/boe) (Including FDC)

Development <sup>(1)</sup>	41.59	33.23	35.91	27.73	38.96	52.97	39.93	33.62
Acquisitions (net of dispositions) <sup>(2)</sup>	15.27	107.39	16.68	8.85	20.87	11.96	19.04	11.09
Total FD&A <sup>(3)</sup> (including revisions)	36.68	31.38	23.34	18.11	24.03	18.52	28.63	22.72

<b>Recycle Ratio (including FDC)<sup>(4)</sup></b>	0.9	1.1	1.1	1.4	1.4	1.8	1.0	1.3
<b>Production Replacement Ratio<sup>(5)</sup></b>	3.1	4.8	4.4	8.7	8.6	14.8	6.5	11.8
<b>Reserves Life Index (years)<sup>(6)</sup></b>	7.6	13.3	7.7	14.2	5.7	9.9		

- (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 reflects 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 and changes in future development costs. WestFire also calculates finding, development and acquisition ("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.

## NET ASSET VALUE

At December 31, 2010	(\$ thousands except as noted)
Present value of P&NG reserves, discounted at 8% after tax	\$291,588
Undeveloped land <sup>(1)</sup>	51,909
Net debt	(20,570)
Proceeds from exercise of stock options	19,400
Net asset value	\$342,327
Diluted common shares outstanding (000s)	43,054
Net asset value per share (\$/Share)	\$7.95

<sup>(1)</sup> Independent Land Evaluations Inc. evaluation effective December 31, 2010.

## CORPORATE OVERVIEW

WestFire is a publicly traded junior resource company in Western Canada with one of the largest and most diverse land positions on the Viking light oil resource play. At December 31, 2010, WestFire had a drilling inventory of over 640 net risked locations which excludes the 148 Viking proved undeveloped and probable locations included in the GLJ Report.

Over the past three years, the Company has successfully executed its business plan and now has the following key attributes:

High Quality Production:	2011 average production guidance of 4,000 boepd average (greater than 70 percent oil) and 5,000 boepd exit (greater than 75 percent oil)
Redwater Viking Light Oil Potential:	Greater than 135 net risked horizontal Viking oil development locations on 15 (11.9 net) sections on the Viking sweet spot with an additional 110 net risked locations along the Viking trend on 28 (26.9 net) sections
West Central Sask Viking Light Oil Potential:	Greater than 105 net risked horizontal Viking oil

development locations on 27 (27.0 net) sections in the Plato area with an additional 325 net risked locations along the Viking trend on 174 (162.7 net) sections

Provost Viking Light Oil Potential:

A total of 15 (15.0 net) sections on an existing Viking oil pool which is conducive to horizontal development

Lloydminster Heavy Oil Potential:

Greater than 50 net risked horizontal plus 15 net risked vertical heavy oil development locations

Bashaw Liquids-Rich Gas Potential:

A total of 30 (28.3 net) sections with six vertical and three horizontal liquids rich natural gas locations

WestFire trades on the Toronto Stock Exchange under the symbol "WFE". At December 31, 2010 there were 39.9 million shares issued and outstanding.

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**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, 2010 and dated March 4, 2011 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.*

*All evaluations of future net cash flows are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. It should not be assumed that the estimates of future net revenues presented in the tables in this press release represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. 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 31, 2011.*

### **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.*

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

*The above information includes non-GAAP measures not defined under generally accepted accounting principles ("GAAP"), including 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. 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 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; future costs, expenses and royalty rates; future interest costs and the exchange rate between the \$US and \$Cdn.*

*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 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, 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 31, 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.*

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