

WESTFIRE ENERGY LTD.

ATTACHMENT TO FORM 8937, PART II

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Line 14. Information about and Date of Organizational Action

On June 30, 2011, WestFire Energy Ltd., an Alberta, Canada corporation ("*WestFire*"), acquired Orion Oil & Gas Corporation, an Alberta, Canada corporation ("*Orion*") (the "*Acquisition*"). Specifically, upon consummation of the Acquisition, all Orion shareholders exchanged their Orion common shares for WestFire common shares or non-voting convertible shares (the Acquisition is described in full in the Joint Information Circular dated June 2, 2011, which is available at www.SEDAR.com). Shortly after the Acquisition, Orion and WestFire amalgamated under a short-form vertical amalgamation (the "*Amalgamation*").

WestFire believes that the Acquisition constitutes a taxable transaction for U.S. federal income tax purposes. However, in the event that the Acquisition and the Amalgamation are treated as a single integrated transaction under the step-transaction doctrine, the exchange of Orion common shares for WestFire shares may qualify as a tax-deferred reorganization under Section 368(a) of the Internal Revenue Code (the "*Code*"). Accordingly, the quantitative effect on basis described below is that which would occur if the Acquisition was either (a) completely tax-deferred or (b) completely taxable.

Line 15 – 16. Quantitative Effect of the Organizational Action on the Basis of Securities; Calculation

If the Acquisition is a fully taxable transaction, then under Code Section 1012 and the treasury regulations issued thereunder, a U.S. shareholder will have a fair market value basis in the WestFire common shares and non-voting convertible shares such shareholder received in exchange for his or her Orion common shares. The fair market value per share is estimated at CDN\$6.85, which is the closing price for WestFire common shares on the Toronto Stock Exchange on June 30, 2011. The closing exchange rate on June 30, 2011 was 1 Canadian dollar to 1.0368 U.S. dollar, as reported by the Bank of Canada. Therefore, the U.S. dollar fair market value of each WestFire share on June 30, 2011 is estimated at U.S. \$7.10.

If the Acquisition instead qualifies as a tax-deferred reorganization under Section 368(a) of the Code, then: (a) under Section 354(a) of the Code, a U.S. shareholder will not recognize any gain or loss on the Acquisition (except to the extent that such shareholder receives cash in lieu of fractional shares) and (b) under Section 358(a) of the Code, a U.S. shareholder will transfer his or her basis in the Orion shares to his or her WestFire shares.

Line 17. Applicable Internal Revenue Code Sections

The U.S. federal income tax consequences to WestFire shareholders depend on whether the Acquisition is a taxable transaction, in which Code Section 1012 applies, or a tax-deferred reorganization, in which case Code Sections 368, 354, and 358 will apply.

Line 18. Recognition of Gain or Loss

If the Acquisition is a taxable transaction, then in general, each shareholder who exchanges his or her Orion shares will recognize capital gain or loss equal to the amount by which the fair market value of the WestFire common shares or non-voting convertible shares received exceeds the aggregate adjusted tax basis of his or her Orion shares exchanged. The deductibility of capital losses is subject to limitations.

If the Acquisition instead qualifies as a reorganization within the meaning of Code Section 368(a), then in general, each shareholder who exchanges his or her Orion shares will not recognize gain or loss except to the extent that such shareholder receives cash in lieu of fractional shares. Orion shareholders who receive cash instead of fractional shares of WestFire will be treated as having received the fractional shares in the Acquisition and then as having exchanged those fractional shares for cash. These shareholders will generally recognize gain or loss equal to the difference between the tax basis allocable to the fractional shares and the amount of cash received. The deductibility of capital losses is subject to limitations.

Line 19. Other Information; Reportable Tax Year

In general, any gain recognized should be reported by the WestFire shareholder for the taxable year which includes June 30, 2011 (e.g., a calendar-year shareholder would report the transaction on his or her federal income tax return filed for the 2011 calendar year).

No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the “IRS”) has been requested, or will be obtained, regarding the U.S. federal income tax consequences described in this report. This report is not binding on the IRS, and the IRS and the U.S. courts could disagree with one or more of the positions described above.

The above information does not constitute tax advice. It does not address the tax consequences that may apply to any particular shareholder, and each shareholder is urged to consult his or her own tax advisor regarding the tax consequences of the Acquisition.