



**Winstar Reports**  
**Second Quarter 2011 Operational and Financial Results**

**CALGARY, Alberta, August 11, 2011 – Winstar Resources Ltd.** (“Winstar” or the “Company”) (TSX: WIX) is pleased to announce its operating and financial results for the three and six month periods ended June 30, 2011. All dollar values are expressed in US dollars unless otherwise stated.

**Highlights for 3 months ending June 30, 2011**

- Realized oil and gas revenues per boe were \$107.32 a 42% increase over Q2 2010 due to higher realized prices both for oil at \$120.38/bbl and natural gas at \$12.62/mcf
- After-tax field operating netback in Tunisia was \$74.95 per boe; a 44% increase as compared with Q2, 2010.
- Funds from continuing operations were \$8.8 million (\$0.25 per share); 54% higher than that reported in Q2 2010.
- Net income from continuing operations was \$2.3 million (\$0.07 per share); as compared to \$0.5 million in Q2 2010.

**Investor Conference Call**

A conference call to discuss the results will be held on Friday August 12, 2011;

Time: 8:00 a.m. Mountain Daylight Time (10:00 a.m. Eastern Daylight Time/3:00 p.m. British Summer Time)  
Dial-in: North American participants (toll free) 1-866-544-4631  
Participants outside North America 1-416-849-5571

Shortly after the conclusion of the call, a replay will be available both within North America and internationally by dialing 1-866-245-6755 or 1-416-915-1035. The pass code is 68928. The replay will be available until September 12, 2011. Thereafter, a copy of the call can be accessed through a link on Winstar’s website at [www.winstar.ca](http://www.winstar.ca)

**Second Quarter 2011 Operational Update and Outlook**

During the first half of 2011 portions of the Middle East and North Africa were destabilized as the population openly demonstrated for true democratic rule and personal freedoms. These popular movements known collectively as the Arab Spring have had a negative impact on the Company’s share price, despite Tunisia’s relative stability and progress towards holding its first democratic elections following the departure of the former president, scheduled for October of 2011.

Operations during the second quarter were focused on several key projects which have the potential to add significant incremental production to the Company during the third quarter of 2011.

The most significant operational challenges for the Company following the political change of January 2011, have been the logistical and transportation issues associated with securing and mobilizing a rig to the 100% owned and operated Chouech Essaida Concession located in southern Tunisia. As a result of successful negotiations and careful planning, a rig mobilized to the Chouech Essaida Concession at the end of June and commenced work-over operations on the CS#9 well in early July. This well had been shut-in since December 2010. As a result of this work over, the well is currently producing 235 boe/d with rates still improving on a daily basis as the well continues to clean out excess downhole fluids.

Following the work over of CS#9, the rig was immediately mobilized to the Chouech Essaida #8bis (“CS#8bis”) drilling location and the well was spud on July 25, 2011. This operation is expected to last approximately 30 days with an estimated cost of \$8.5 million. This new well, CS#8bis, is expected to intersect the same two Triassic zones tested in 2010 on the original CS#8S well which was subsequently rendered unusable. If successful, CS #8bis could be capable of 500 to 800 bopd of production plus associated gas.

Following the drilling of CS#8bis, the same rig will move to drill the next location at Chouech Essaida #12 ("CS#12") which is a Triassic development location targeting light oil plus associated gas at a depth of approximately 2,500 meters. The operation is expected to last approximately one month with an expected cost of \$8.0 million.

The rig contract provides Winstar with the option to conduct a fourth operation before the rig is released. The Company continues to review prospects within its inventory of development and exploration wells with a focus on identifying high impact potential locations that can bring on immediate incremental production and add significant shareholder value but at this time, a recommendation has not yet been approved.

In Romania, the Company plans to commence the drilling of its first two exploration wells on the Satu Mare Concession in October. These new wells will directly offset existing wellbores which tested hydrocarbons in the early 1970's but were not subsequently put on long term production.

#### **Testing Operations at Chouech Essaida Silurian #1 (CS Sil #1)**

The CS Sil #1 well continued to produce during the second quarter, initially from the Silurian Acacus zone and then from the Silurian upper Tannezuft zone. The well continues to produce at a stable rate of 165-170 boepd compared to the initial test rate of 257 boepd.

Operations in the field are progressing smoothly for initiating production from the prolific zone #1 which tested at a final rate of 2,683 boepd during the initial test during the first quarter of 2011. Following a thorough inspection and refurbishment at an engineering and equipment fabrication facility in Hungary, the Company has moved the existing 100% working interest gas processing plant from Hungary directly to the CS Sil #1 well site where it is currently being reconstructed. Start-up of production from zone #1 and the facility are anticipated in September at rates of 800 – 1,000 boepd. Actual produced rates will be dependent on both well deliverability and the quantity of gas that the Company can sell to STEG, the national Tunisian utility company.

#### **Second Quarter Financial Results**

The financial and operating results for Q2 2011 are presented in accordance with International Financial Reporting Standards ("IFRS"). As reported and discussed in our Management Discussion and Analysis for the period ended June 30, 2011, the transition to IFRS is highlighted by the following items:

- The operations, strategic decisions and reporting of funds from operations have not been impacted
- The Company's depreciable base is now proved and probable reserves for those assets depreciated on a unit of production (as opposed to proved developed producing under the previous Canadian GAAP).

The Company has also changed its reporting currency from Canadian dollars to US dollars, effective January 1, 2010.

The financial and operating results for Q2 2011 were significantly improved compared with Q2 2010 reflecting stronger commodity prices and a corresponding increase in after-tax field operating netbacks;

- Realized oil and gas revenues per boe were \$107.32 an 42% increase over Q2 2010 due to realized oil prices of \$120.38/bbl and realized natural gas prices of \$12.62/mcf;
- After-tax field operating netback in Tunisia was \$74.95 per boe; a 44% increase as compared with Q2 2010;
- Funds from continuing operations were \$8.8 million (\$0.25 per share); 54% higher than that reported in Q2 2010;
- Net income from continuing operations was \$2.3 million (\$0.07 per share); as compared to \$0.5 million in Q2 2010.

Winstar sold an average of 1,567 boepd during Q2 2011 from its operations in Tunisia, compared to 1,536 boepd in Q2 2010. Production during Q2 2011 continued to be limited due to downhole mechanical problems at CS#9 and CS#11. The work-over on CS#9 was successful at resuming production and we continue to investigate alternative pump designs to significantly increase production from CS#11 which averaged 30 bbl/d in the second quarter of 2010.

Although current production is between 1,600-1,700 boepd, actual sales are dependent on gas sales volumes at the Chouech Essaida concession. During July, as a result of what are believed to be temporary mechanical issues, production decreased to approximately 1,200 boepd. The primary issues which negatively affected production were:

- A loss of approximately 250 boepd from Chouech Essaida #5 ("CS#5") which is believed to be due to down-hole blockage of the perforations.
- Reduced natural gas sales from Chouech Essaida as the third party purchaser of the Company's natural gas resolved mechanical issues with their pipeline system and compressors.

The Company is awaiting equipment and services required to perform the required work-over operation on CS#5 which is anticipated to occur in the fourth quarter of 2011. Effective August 10, 2011, partial gas sales resumed and the Company expects that gas sales restrictions will be further reduced in the next weeks.

#### Financial and operating results summary from continuing operations (excluding Canada and Hungary)

(\$ thousands)	Three months ended June 30,			Six months ended June 30,		
	2011	2010	% change	2011	2010	% change
<b>Sales and Prices</b>						
Oil and liquid sales (bopd)	1,109	1,338	(17)	1,166	1,325	(12)
Natural gas sales (mcf/d)	2,750	1,189	131	2,918	1,104	164
Average daily boe sales 6:1 (boepd)	1,567	1,536	2	1,652	1,509	9
Average oil and liquid price (\$/bbl)	120.38	77.29	56	111.55	77.25	44
Average natural gas price (\$/mcf)	12.62	10.43	21	11.74	10.00	17
<b>Financial (\$ thousands except for unit amounts)</b>						
Oil and gas revenue	15,306	10,539	45	29,727	20,527	45
Funds from continuing operations	8,791	5,719	54	18,019	11,369	58
Per share- basic & diluted	0.25	0.17	47	0.51	0.33	55
Net earnings from continuing operations	2,335	480	386	4,574	1,677	173
Per share- basic & diluted	0.07	0.01	600	0.13	0.05	160
Field operating netback after tax (\$/boe)	74.95	52.19	44	71.29	52.71	35
Capital expenditures	6,389	8,402	(24)	13,075	15,826	(17)
Working capital at period end	9,601	2,857	236	9,601	2,857	236
<b>Common Shares (thousands)</b>						
Weighted average during period - basic	35,652	34,345	4	35,478	34,292	3
- diluted	35,683	34,549	3	35,478	34,465	3
Outstanding at period end	35,726	34,668	3	35,726	34,668	3

#### BOE

References herein to boe mean barrels of oil equivalent derived by converting gas to oil in the ratio of 6,000 cubic feet (6 mcf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf to 1 bbl of oil is based upon an energy conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead.

#### Non-GAAP Measures

Funds from operations are a non-GAAP measure, defined by the Company as cash flow from operating activities excluding:

- The change in non-cash working capital related to continuing and discontinued operations, which is eliminated to show the net cash effect on income;
- Geological and geophysical expenses from continuing and discontinued operations, which are costs incurred for the purpose of generating future investment opportunities and are therefore not indicative of operational performance; and
- Expenditures on asset retirement obligations and reclamation, which are also not indicative of operational performance.

The Company also presents:

- Funds from operations per share, whereby amounts per share are calculated using weighted average common shares outstanding.

Management uses funds from operations to analyze performance and considers it to be a key measure as they demonstrate the Company's ability to generate the cash necessary to fund future capital investments. Winstar's determination of funds from

operations may not be comparable to that reported by other companies nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

After-tax field operating netback is a non-GAAP measure defined by the Company as revenue, plus international royalty income less royalty, operating expense and current income tax. Management considers field operating netbacks an important measure as they demonstrate the Company's profitability from field operations, before general and administrative costs, relative to current commodity prices.

### **Forward-looking Statements**

This press release contains certain forward-looking statements. These statements relate to future events or future performance of the Company. When used in this press release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements 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 statements. Such statements reflect the Company's current views with respect to certain events, and are subject to a number of risks, uncertainties and assumptions. A number of factors could cause Winstar's actual results, performance, or achievements to materially differ from those described in this press release. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in other public disclosures made by the Company or this press release as intended, planned, anticipated, believed, estimated, or expected. Specific forward-looking statements in this press release include, among others, statements pertaining to the following: factors upon which Winstar will decide whether or not to undertake a specific course of action; and estimated volumes and timing of future production; business plans for drilling, exploration and development; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. The risks to which the Company is subject include those of the oil and gas industry in general, including operational risks in exploring for, developing and producing crude oil and natural gas; risks and uncertainties involving geology of oil and gas fields and deposits; volatility in global market prices for oil and natural gas; general economic conditions; competition; liabilities and risks, including environmental liability and risks inherent in oil and gas operations; uncertainties as to the availability and cost of financing and changes in capital markets; alternatives to and changing demand for petroleum products; and changes in legislation and the regulatory environment, including uncertainties with respect to the Kyoto Protocol. Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be produced profitably in the future. The forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary declaration. These statements speak only as of the date of this press release. The Company does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Winstar Resources Ltd. is a Calgary-based junior oil and gas Company, which explores for, develops, produces, and sells crude oil, natural gas liquids and natural gas in Tunisia and Romania. Winstar's common shares trade on The Toronto Stock Exchange under the symbol WIX.

Winstar's Interim Consolidated Financial Statements and Management Discussion and Analysis for the three and six month periods ended June 30, 2011 can be obtained at [www.winstar.ca](http://www.winstar.ca)

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

#### **Mr. Charles de Mestral**

Chief Executive Officer

Phone: +41 22 361 14 45

E-mail: [cdemestral@winstar-resources.ch](mailto:cdemestral@winstar-resources.ch)

(Note: Mr. de Mestral is based in Europe, in a time zone eight hours ahead of Calgary time)

Or

#### **Mr. David Monachello**

President

Phone: +1 403 513 4200

E-mail : [dmonachello@winstar.ca](mailto:dmonachello@winstar.ca)

Or

#### **Mr. Bradley Giblin**

Chief Financial Officer  
Phone : +1 403 513 4207  
E-mail : [bgiblin@winstar.ca](mailto:bgiblin@winstar.ca)