



Winstar to Farmout 50% of its Interest in Sabria Concession

CALGARY, August 18, 2011 – Winstar Resources Ltd. (“Winstar” or “the Company”) (TSX: WIX) is pleased to announce that it has executed a Memorandum of Understanding (MOU) with a privately held European exploration and production company (“Privateco”) to farmout for cash and a work program, up to 50% of Winstar’s current 45% working interest in the Sabria Concession in west-central Tunisia, including existing production, inventory and reserves. All amounts are in US dollars unless otherwise stated.

Winstar and Privateco have agreed to expeditiously work towards drafting and executing a comprehensive Farmout Agreement plus ancillary agreements in accordance with the commercial terms and conditions contained within the executed MOU.

This transaction is attractive to Winstar as it:

- Provides an opportunity to accelerate the development of the extensive probable reserves associated with the Sabria Concession;
- Provides incremental working capital to fund the current and near term capital programs; and
- Provides meaningful near term incremental drilling operations at Sabria during a period in which Winstar’s capital is focused on developing the Triassic and Silurian potential within the southern Tunisian concessions of Chouech Essaida and Ech Chouech.

The basic terms and conditions of the executed MOU are as follows:

- Privateco will earn an undivided 22.5% working interest within the Sabria Concession upon Closing in exchange for a cash payment of US\$6.55 million, subject to final closing adjustments, and a work commitment to pay 45% of the capital costs to:
 - Work-over an existing Sabria well;
 - Drill and complete 3 new Sabria horizontal development wells to a depth to exploit the reserves within the Ordovician Sandstones of the Hamra and El Atchane Formations.
- The work commitment is to be completed within 2.5 years from the date on which the Tunisian government issues a decree granting approval of the title transfer to Privateco.
- The work commitment is subject to budgetary approval by ETAP (Tunisian State Oil and Gas Company) which owns the remaining 55% working interest in the Sabria Concession.
- The Effective Date of the transaction is July 1, 2011 with a closing date expected during the fourth quarter of 2011. At closing, Winstar will receive \$6.55MM USD of which 5.7MM USD represents the estimated value for the proved developed producing (“PDP”) reserves at July 1, 2011 plus seismic and inventory. This is based on a value of \$7.0 MM USD for the PDP reserves at January 1, 2011 and will be adjusted based on actual net after tax cash flows attributable to the 22.5% interest from January 1, 2011 to coincide with the December 31, 2010 RPS Energy report mentioned below.
- Winstar will remain as the Operator.

This transaction is subject to execution of the formal transaction documents and final approval by the parties’ respective boards and the government of Tunisia.

The work commitment is estimated to have a value to Winstar, after earned carried working interest (22.5%), of approximately \$US12.3 million. Privateco also agrees to transfer the



deductible tax pools associated with Winstar's carried interest of the work commitment, which is estimated to be an additional \$US6.1 million of tax benefits for Winstar. Thus, the total value of the transaction is estimated to be \$US 25.5 million, subject to final closing adjustments, net to Winstar in cash, work and tax benefits.

Based on RPS Energy Independent reserve report as December 31, 2010, and using a value of \$7.0MM USD at January 1, 2011 for PDP reserves, the 22.5% working interest in the reserves and value of Sabria, which will be earned by the Privateco is as follows:

- Total PDP Reserves; 326,000 boe (before royalty),
- Total PDP Reserves; \$6.4 million (Present Value, discounted at 10%, after tax)

Winstar's 45% working interest in current production at Sabria is 190 boepd and would be 95 boepd net to Winstar's 22.5% working interest after giving effect to this transaction.

Based on reserve values estimated as of December 31, 2010, and using a value of \$7.0MM USD at January 1, 2011, the Privateco is paying \$21.77 per boe for PDP reserves.

Winstar is currently producing 1,500 to 1,700 boepd (1,050 to 1,150 bopd of crude plus 450 to 550 boepd of solution gas). Sales of the solution gas produced in association with the crude oil are still partially restricted due to mechanical issues within the Tunisian national gas transmission system owned and operated by STEG (Tunisian National Electric and Natural Gas Company). As a result of the mechanical restriction, Winstar is currently selling 1,500 to 1,650 boepd. The mechanical challenges are anticipated to be resolved within the near future.

BOE

Reference herein to "boe" mean barrels of oil equivalent and is derived by converting gas to oil in the ratio of six thousand cubic feet (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 is based upon an energy conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. References herein to "boepd" means barrels of oil equivalent per day.

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 certain risks, uncertainties and assumptions. Many 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 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, goal, 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 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 to the effect 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 statement. 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.

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