



## **Winstar Reports**

### **2010 Operational and Financial Results and Reserves Evaluation; Interim Reserves Evaluation from Silurian Exploration Well and 2011 Operational and Capital Plan**

**CALGARY, Alberta, March 17, 2011 – Winstar Resources Ltd.** (“Winstar” or the “Company”) (TSX: WIX) is pleased to announce its operating and financial results for the fourth quarter and year ended December 31, 2010, results of its year-end and interim reserve evaluations effective December 31, 2010 and March 1, 2011 respectively, as well as an update on the Company’s 2011 operational and capital plans. All dollar values are expressed in Canadian dollars unless otherwise stated.

#### **Highlights for 12 months ending December 31, 2010**

- Production from continuing operations: averaged 1,780 boepd up 18% year over year;
- Funds from continuing operations: \$30.5 million up 50% year over year;
- Earnings from continuing operations: \$2.1 million up 8% year over year;
- Proved and Probable reserves: 11.6 million boe down 22% year over year;
- Net asset value, after tax at discount 10%: \$6.22 per fully diluted share down 11% year over year.

#### **CS Sil #1 highlights**

- March 1, 2011 Incremental 100% full field Gross 2P Reserves 2.3 million boe before ETAP back in ( 1.75 million boe Winstar working interest share after back in);
- Incremental net present value, after tax and discounted at 10%, \$44.5 million or \$1.26 per fully diluted share;
- High pressure gas condensate zone anticipated to be on production in Q3 2011 with expected initial production rates of 500-600 bbl/d of condensate and 1,000-3,000 mscf/d of gas sales.

#### **2011 Capital Program**

- Sourcing equipment and services, expected to commence drilling in Southern Tunisia in late Q2 2011;
- Re-drilling the Chouech Essaida #8 (“CS #8”) Triassic well to access the 1,000 – 2,000 boepd tested in the sidetracked CS #8 offset well drilled in 2010;
- Drilling a second Triassic development well on one of several prospects;
- Reviewing the prospect of drilling a follow up Silurian exploration well;
- Drilling a Miocene exploration well in Romania.

#### **Investor Conference Call**

A conference call to discuss the results will be held on Monday March 21, 2011;

Time: 8:00 a.m. Mountain daylight time (10:00 a.m. Eastern daylight time)

Dial-in: North American participants (toll free) 1-866-809-6768

Participants outside North America 1-416-849-5572

Shortly after the conclusion of the call, a replay will be available by dialing 1-866-245-6755 or 1-416-915-1035. The pass code is 74395. The replay will be available until May 6, 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)



## **Production**

Production increases from Tunisia during the fourth quarter of 2010 were primarily a result of incremental oil production from CS #11 as well as a significant increase in gas sales from Chouech Essaida which averaged 1,965 mscf/d but at times reached 3,500 mscf/d. Throughout the first quarter of 2011, these gas sales have remained at rates, averaging greater than 2,500 mscf/d. The company continues to work with STEG to find alternatives to secure a greater volume of gas sales from the Company's concessions in Southern Tunisia.

## **Reserves as at December 31, 2010 (excluding CS Sil #1)**

Reserves as at December 31, 2010 decreased due to

- A significant reduction in gas reserves due to new well results at CS #11 and CS #13;
- Well performance issues at wells Sabria #11, Sabria N3H and Sanrhar SNN 1;
- The cancellation of a planned high impact well stimulation at Sabria N2 location.

	2010 Tunisian Reserves				2009 Tunisian Reserves			
	Proved		Proved + Probable		Proved		Proved + Probable	
	Reserves <sup>(1)</sup> (Mboe)	NPV <sup>(2)</sup> (\$MM)	Reserves <sup>(1)</sup> (Mboe)	NPV <sup>(2)</sup> (\$MM)	Reserves <sup>(1)</sup> (Mboe)	NPV <sup>(2)</sup> (\$MM)	Reserves <sup>(1)</sup> (Mboe)	NPV <sup>(2)</sup> (\$MM)
Sabria	1,118	\$19.2	6,116	\$78.6	1,387	\$26.5	7,699	\$98.5
Chouech Essaida	2,123	\$53.5	4,646	\$117.2	2,408	\$49.0	5,849	\$112.6
Ech Chouech	120	\$4.3	273	\$8.2	117	\$4.0	285	\$8.1
Sanrhar	145	\$3.4	210	\$4.5	265	\$6.5	672	\$8.6
Zinnia	78	\$(0.7)	396	\$3.8	76	\$(0.6)	369	\$3.2
<b>Tunisia Total</b>	<b>3,584</b>	<b>\$79.7</b>	<b>11,641</b>	<b>\$212.3</b>	<b>4,253</b>	<b>\$84.5</b>	<b>14,874</b>	<b>\$231.0</b>

(1) All reserve values stated before royalty

(2) Net present value, after tax, after royalty, discounted at 10% reported in CAD

## **CS Sil #1 Silurian Exploration Well**

The completion of drilling operations in December 2010 and initial production testing in February 2011 from CS Sil #1 were major events for the company. The combined test rates for all zones were 3,379 boepd (9.52 million standard cubic feet per day or mmscf/d of natural gas and 1,792 barrels per day (bbl/d) of condensate and oil as reported on February 22, 2011).

This exploration well was Winstar's most ambitious and successful project to date and targeted the Triassic and Silurian potential in the Company's southernmost concessions, Chouech Essaida and Ech Chouech. Because this well was not tested and completed until Q1 2011, the associated impact on the Company's reserves and valuation are not included in the 2010 yearend reserves and net asset value calculations. The company has, however, commissioned an interim reserve report for the for the Chouech Essaida concession which includes the results of the CS Sil #1 well and is summarized below.

In addition to the success in the Silurian aged reservoirs, hydrocarbons were discovered in the Triassic ("TAGI") and also in the Devonian Ouan Kasa Formations. The oil discovery in the TAGI was particularly significant as it indicates a six kilometer northern extension of the main Chouech Essaida TAGI field that has produced over 4 million barrels of 41 degree API oil, plus associated gas, to date.

## **CS Sil #1 Operational Update**

The CS Sil #1 well has been on production to the Central Production Facility ("CPF") for approximately three weeks at an average rate of 270 boepd from the Silurian Acacus A sandstone which initially tested 440 boepd.

In order to facilitate a long term production test of the Lower Silurian Tannezuft, plans are underway to disassemble and move the 100% working interest gas facility from the Company's Torokkoppany gas field in Hungary to the CS Sil #1 well site. This modern facility is expected to be operational by early in the third quarter of 2011. Once re-assembled, the Company will have the surface facilities required to initiate and maintain a long term production test of the Silurian Tannezuft of which the lowest most zone tested at a rate of 2,680 boepd

(1,400 bbl/d condensate and 7,700 mscf/d of gas). Both the mechanical design of the surface facility and the gas transportation limitations of STEG (the Tunisian national utility company) are expected to inhibit production and sales volumes from this zone but the Company is cautiously optimistic that it will be able to commence testing at 500-600 bbl/d of condensate and 1,000-3,000 mscf/d of gas sales (total of 666 – 1,100 boepd). It is expected that the zone will remain on production through to at least the end of the year. The Company is currently in discussions with STEG with the objective of increasing the gas sales contract coming from Chouech Essaida.

#### **Interim Reserve Evaluation dated March 1, 2011**

Following the completion of drilling CS Sil #1 on December 22, 2010 and the subsequent test results reported on February 22, 2011, the company obtained an interim independent reserve report for the Chouech Essaida concession, which includes the results of the CS Sil #1 well to assist in quantifying the significant impact of the discovery on the future value of the Company. The interim reserve report assesses the reserves of the Silurian only and does not include any resource potential from either the Devonian or Triassic.

Based on this interim reserve evaluation, completed by RPS Energy Canada Ltd, the CS-Sil #1 well is forecast to add 2,280 Mboe (44% oil or condensate and 56% natural gas) of incremental proved plus probable total field reserves (“P+P”), yielding an incremental 1,750 Mboe to Winstar’s working interest gross P+P reserves and 1,488 Mboe (44% oil or condensate and 56% natural gas) to Winstar’s working interest net P+P reserves. The incremental net present value, after tax, after royalty and discounted at 10% of Winstar’s share of the net reserves, including the impact of the ETAP back in, is \$44.5 million CAD or \$1.26 per basic share outstanding as at March 1, 2011.

	<b>Proved (Thousands of Boes or Mboe)</b>	<b>Proved + Probable (Thousands of Boes or Mboe)</b>
<b>CS Sil #1 Incremental Reserves Summary</b>		
CS Sil #1 incremental 100% working interest gross reserves (before ETAP back in on existing Triassic reserves and ETAP working interest following back in)	751	2,280
CS Sil #1 incremental Winstar working Interest gross reserves (before ETAP back in on existing Triassic reserves)	751	1,750
Impact of ETAP back-in on existing Triassic Winstar interest gross reserves	-	(577)
Incremental Chouech Essaida Winstar working Interest gross reserves attributable to CS Sil #1	751	1,173
<b>Incremental Chouech Essaida Net Present Value after tax, after royalty (NPV-AT, 10% discount rate, million \$CAD)</b>	<b>\$23.5</b>	<b>\$44.5</b>
<b>Per share</b>	<b>\$0.67/share</b>	<b>\$1.26/share</b>

As noted above, the incremental gross (before royalty) reserves related to Winstar’s working interest attributable to the CS Sil #1 well are constrained by various economic factors which include but are not limited to the following:

- 1) The Company’s ability to sell gas is currently constrained by STEG and therefore economic value is limited to Company forecasts of gas sales until 2014 or earlier if greater capacity is secured from STEG.
- 2) The Tunisian state oil and gas company, ETAP, has the right to earn up to a 50% working interest in the Chouech Essaida concession if and when the cumulative liquid hydrocarbon(oil and condensate) sales net of royalties and shrinkage from the concession exceeds 6.5 million barrels. As at December 31, 2010, cumulative oil and condensate sales net of royalties and shrinkage was 3.9 million barrels. The incremental oil and condensate production from CS Sil #1 is expected to accelerate this back-in by 7 years from 2024 to 2017. This acceleration under the Company’s P+P reserve evaluation had a negative impact of 577 Mboe on Winstar’s existing working interest Chouech Essaida gross reserves which is netted against the incremental impact of the well on the Chouech Essaida Concession.

The interim reserve evaluation is a preliminary estimate of reserves and net present value based on the results of the short term testing conducted during the completion of the well. Longer term testing which is currently underway along with detailed fluid analysis for the various zones will provide important information that will be taken into consideration when the Company again reviews its reserves during the annual yearend evaluation process.

Based on estimates of key reservoir parameters and recovery factors for the CS Sil #1 well, the table below provides a range of probabilistically determined estimates as prepared by RPS Energy for the volumes of raw hydrocarbons in place that are forecast to be ultimately recovered from the subject well. These volumes are calculated on a 100% working interest basis and do not account for gas sales constraints, fuel gas or other field oriented shrinkage or the commercial and fiscal terms particular to the Chouech Essaida Concession.

**CS Sil #1 Estimated Ultimate Recovery of Raw Hydrocarbons in Place  
(100 % working interest associated with CS Sil #1 only)**

Proved			Proved + Probable			Proved+ Probable + Possible		
Oil/ Condensate	Raw Gas	BOE	Oil/ Condensate	Raw Gas	BOE	Oil/ Condensate	Raw Gas	BOE
(Mstb)	(mmscf)	(Mboe)	(Mstb)	(mmscf)	(Mboe)	(Mstb)	(mmscf)	(Mboe)
396	3,047	<b>904</b>	1,060	8,238	<b>2,433</b>	1,791	14,073	<b>4,137</b>

**2011 Capital Program**

The success of the CS Sil #1 was a significant achievement for several reasons. In addition to significantly increasing Winstar's reserves and net asset value, the well significantly reduces the risk associated with the other 10 Silurian prospects and leads identified by 3D seismic on Winstar's two contiguous Southern Tunisia concessions. With this exploration concept now proven productive on Winstar's 100% owned acreage in Southern Tunisia, plans are progressing and the Company is currently sourcing equipment and services for the next drilling campaign expected to commence late in the second quarter of 2011. The company is currently considering the following capital program:

- Re-drilling the Chouech Essaida #8 ("CS #8") Triassic well to access the 1,000 – 2,000 boepd (rates due to varying choke sizes) that were tested in this well during the first quarter of 2010 (of which about 700 - 1'600 bbl/d was oil). This production was subsequently lost due to down-hole mechanical failures but the re-drilling of this location has potential to add 500-800 boepd.
- Drilling a second Triassic development well on one of several prospective locations with the capability of adding incremental oil production;
- Reviewing the prospect of drilling a follow up Silurian exploration well on either Chouech Essaida or Ech Chouech. As a result of the significant gas with condensate that was tested in the CS Sil #1, the Company is currently reviewing the remaining 10 Silurian anomalies to identify those which could have a greater chance of discovering oil bearing reservoirs;
- On the Satu Mare Concession in Northwest Romania, Winstar will commence drilling operations as part of its farm-in agreement with its partner Rompetrol, a local Romanian oil company. The well is expected to be drilled during the second or third quarter of 2011 as a part of the Company's long-term growth strategy.

This capital program which totals \$41 million is subject to final project approvals by the Board of Directors. To date the Company has spent approximately \$10 million of its 2011 capital budget. The 2011 capital program is expected to be funded primarily through existing working capital and funds from operations generated from its existing production base and incremental production from the long term test of CS Sil #1. As at December 31, 2010, the Company reported \$7.3 million of working capital and also has an undrawn \$10 million line of credit

which is available to provide financial flexibility in the event of unforeseen events which could negatively affect drilling operations or internally generated cash flow from operations.

#### **Winstar's Annual and Special General Meeting**

Shareholders are cordially invited to attend Winstar's Annual and Special General Meeting of the shareholders of Winstar on Tuesday May 18, 2011, at 3:00 PM (MDT), which will be held in the Viking room of the Calgary Petroleum Club, 319 - 5<sup>th</sup> Ave SW, Calgary, Alberta, Canada.

#### **BOE**

References herein to boe mean barrels of oil equivalent derived by converting gas to oil in the ratio of 6,000 cubic feet (mscf) of gas to one barrel (bbl) of oil. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mscf: 1 bbl 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 Canadian GAAP.

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. 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 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; potential political unrest in countries in which the Company operates; 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, Hungary and Romania. Winstar's common shares trade on The Toronto Stock Exchange under the symbol WIX.

Winstar's audited financial statements and management discussion and analysis for the three and 12 month periods ended December 31, 2010 can be obtained at [www.winstar.ca](http://www.winstar.ca)

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