



Winstar Resources Ltd. and Athanor B.V Agree to Merger

CALGARY, August 22, 2005 –Winstar Resources Ltd ("Winstar" or the "Company") (WRL-TSX) is pleased to confirm today the completion of its previously announced merger with Athanor B.V ("Athanor"). At the Annual and Special Meeting of the shareholders of Winstar held on August 19, 2005, holders of over 90% of the common shares of Winstar attending the meeting in person or by proxy voted in favor of the Athanor merger. Following the meeting, on August 22, 2005, Winstar completed the acquisition of all of the issued and outstanding common shares of Athanor by the issuance of approximately 56.98 million common shares of Winstar to the former Athanor shareholders.

Winstar also confirms today the completion of its previously announced private placement of 17,111,111 common shares at a price of \$0.45 per share for gross proceeds of approximately \$7,699,999 and the deemed issuance of common shares pursuant to the 30,333,334 subscription receipts of Winstar issued pursuant to a private placement on July 7, 2005 at a price of \$0.45 per subscription receipt for gross proceeds of approximately \$13,650,000. Each subscription receipt is deemed to have been converted into one common share at 4:30 p.m. (Calgary time) on August 22, 2005 in accordance with their terms. The 17.1 million common shares issued on August 22, 2005 are subject to a four-month hold period, which expires on December 23, 2005. The common shares issued pursuant to the subscription receipts remain subject to a four-month hold period from the date of issuance of the subscription receipts, which expires on November 8, 2005.

Following closing of the Athanor merger and the issuance of common shares pursuant to the private placement and the subscription receipts, Winstar has approximately 141.6 million common shares outstanding. At the meeting held on August 19, 2005, shareholders also approved a 5 for 1 share consolidation. Subject to receiving the final approval of the TSX Venture Exchange, Winstar intends to complete the share consolidation as soon as practicable; which will result in Winstar having approximately 28.3 million consolidated common shares outstanding. The consolidated common shares will trade on the TSX Venture Exchange under the symbol "WIX".

Following the merger, the new board of directors of Winstar consists of Bruce R. Libin - Chairman, W. Russ Duncan, Roger G. McMechan, Robert W. Mitchell and David A. Monachello all of Calgary, plus Bernard Polge de Combret and Charles A. de Mestral of Geneva, Switzerland and Bryan H. Lawrence of New York. Winstar's management team consists of Charles A. de Mestral as Chief Executive Officer, David A. Monachello as President, Roger G. McMechan as Executive Vice President, Robert M. Cowper as Chief Financial Officer, Mohamed Yaich as manager of the Tunisian operations and Gabor Tihanyi as Manager of the Hungarian operations.

Winstar also announces that its board of directors has approved the grant of options to acquire an aggregate of 5,465,818 common shares (1,093,163 post consolidated common shares) at an exercise price of \$0.58 per share. Of the option grants, options to purchase 565,000 common shares were issued to seven full-time Calgary based employees and officers and directors of Winstar were granted the following options to purchase common shares: 1,300,000 to Charles de Mestral, 1,350,000 to David Monachello, 600,000 to Roger McMechan, 300,000 to Robert Cowper, 150,000 to Donald Umbsaar, 400,000 to Bruce Libin, 175,000 to each of Russ Duncan, Robert Mitchell and Bernard Polge de Combret and 100,000 to Christopher Nixon.

Following completion of the merger, Winstar has Proved and Probable reserves as of December 31, 2004 of 7.80 million barrels of oil equivalent, an estimated working capital surplus of \$13.5 million, and is estimated to produce on average 1,040 boepd for the period August and

September 2005 with a \$17-\$18 per boe cash flow net back, generating an (August-September 2005) annualized cash flow of approximately \$7 million. 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.

Period August and September 2005		
	Estimated Production per Day	Commodity Price

Canada		

Oil and Natural Gas Liquids	115 to 140 bopd	\$45.00 per bbl
Natural Gas	1,350 to 1,650 Mcf/d	\$7.25 per Mcf
Sub total	350 to 425 boepd	

Tunisia		

Oil and Natural Gas Liquids	400 to 450 bopd	\$56.00 per bbl
Natural Gas	1,050 to 1,200 Mcf/d	\$4.60 per Mcf
Sub total	575 to 650 boepd	

Hungary		

Oil and Natural Gas Liquids	nil	
Natural Gas	450 to 750 Mcf/d	\$6.60 per Mcf
Sub Total	75 to 125 boepd	

Total Range	1,000 to 1,200 boepd	
Estimated Average	1,040 boepd	\$45.70 per boe

Estimated Average August/September 2005 Production	1,040 boepd	
Estimated Revenue	\$45.70/boe	
Estimated Royalty	\$6.98/boe	
Estimated Operating Cost	\$11.27/boe	
Estimated G&A	\$9.48/boe	
Estimated Cash Flow Net Back	\$17.97/boe	

Winstar has an approved \$17.6 million capital budget for 2005 to drill 17 gross (six net) wells and re-complete seven gross (4.2 net) pre existing wells in Canada, re-complete four net wells in Tunisia, and drill three net wells in Hungary. Winstar is projecting a Q4 2005 or Q1 2006

production of approximately 2,100 boepd which using current commodity prices and costs will result in a \$24-\$25 cash flow net back generating an (December 2005 or January 2006) annualized cash flow of approximately \$19 million.

Winstar also announces the release of its Q2 2005 results, which reflect Winstar's results prior to today's announced merger. The Athanor acquisition is a 'reverse takeover' within the meaning of applicable policies of the Exchange. As a result, Canadian results will only be incorporated from August 19, 2005 in all financial reporting.

The Company's results for revenue, cash flow and production in the six-month period ended June 30, 2005 are presented below. Natural gas production averaged 849 Mcfd and oil and NGL production reached 186 bpd as production from the Ferrier Whitecourt area continues to come on stream, and after the previously announced disposition of all the Saskatchewan assets, effective January 31, 2005.

HIGHLIGHTS	Three Months Ended			Six Months Ended		
	June 30 2005	2004	% Change	June 30 2005	2004	% Change
Production and Prices						
Natural gas sales (Mcf)	846	831	+2	849	882	-4
Oil and NGL sales (bpd)	144	432	-67	186	467	-60
Average daily sales 6:1 (boepd)	285	570	-50	328	614	-47
Average natural gas price (\$/Mcf)	7.98	6.87	+16	7.82	6.51	+20
Average oil and NGL price (\$/bbl)	43.64	43.52	-	44.68	41.53	+7
Financial (\$)						
Oil and gas revenue	1,156,894	2,077,982	-44	2,785,074	4,362,825	-36
Cash flow from operations	152,194	297,863	-49	597,941	931,221	-41
Per share, basic and diluted	—	\$0.01	—	0.02	.003	
Net loss	(235,076)	(548,051)	—	(190,846)	(634,596)	-61
Per share, basic and diluted	(0.01)	(0.02)	—	(0.01)	(0.02)	—
Working capital (deficiency) at period end				(523,933)	(812,091)	-36
Long term bank debt at period end				(1,681,039)	Nil	—
Shareholders' equity at period end				12,405,415	13,393,898	-9

**Common
Shares**Weighted average
during the period

Basic	37,221,423	36,607,105	+2	37,219,033	36,561,895	+2
Diluted	38,055,352	37,101,842	+1	37,947,137	37,056,632	+1
Outstanding at period end	37,221,423	36,607,105	+2	37,221,423	36,607,105	+2

Winstar Resources Ltd. is a junior oil and gas company, which explores for, develops, produces, and sells crude oil, natural gas liquids and natural gas in Alberta, Tunisia and Hungary.

For further information, please contact:

Mr. Rob Cowper
Chief Financial Officer and Manager of Investor Relations
Winstar Resources Ltd.
Phone: (403) 205-3722 Ext. 238
Email: rcowper@winstar.ca

Forward Looking Statements

Certain information regarding Winstar and Athanor contained herein may constitute forward looking statements within the meaning of applicable securities laws. Forward looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of facts. Although Winstar believes that the expectations reflected in such forward looking statements are reasonable, it can give no assurance that such expectations will be realized. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward looking statements. Winstar's forward looking statements are expressly qualified in their entirety by this cautionary statement.

This press release does not constitute an offer to sell or an invitation to purchase or subscribe for any securities of Winstar in the United States. Neither the Subscription Receipts nor the Common Shares have been or will be registered under the United States Securities Act of 1933, as amended or the securities laws of any state of the United States and none of them may be offered or sold in the United States unless an exemption from registration is available.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

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