



TESLA EXPLORATION LTD.

Tesla Reports 2010 Year End and Fourth Quarter Results

Calgary, Alberta

Symbol: TXL

March 23, 2010

Stock Exchange: TSX

Tesla Exploration Ltd. ("Tesla" or the "Company") today announces its 2010 year end and fourth quarter operating and financial results.

(000s, except per share data) (unaudited)	Three Months Ended			Year Ended		
	December 31			December 31		
	2010	2009	Change	2010	2009	Change
	\$	\$	%	\$	\$	%
Revenue	40,054	23,097	73	118,337	92,215	28
Revenue excluding reimbursables	33,340	18,942	76	101,040	79,224	28
Gross margin ¹	11,081	3,187	248	32,747	16,775	95
As a % of revenue excluding reimbursables	33%	17%		32%	21%	
Net loss	(1,800)	(2,075)	(13)	(3,389)	(9,417)	n/m
Per share - basic	(0.08)	(0.13)	(40)	(0.16)	(0.60)	(73)
EBITDA ²	5,595	1,130	395	15,400	5,218	195
Per share - basic	0.25	0.07	243	0.74	0.33	125
Cash flow from operations ³	5,004	(4,198)	n/m	11,207	710	1478
Per share - basic	0.22	(0.27)	n/m	0.54	0.04	1104
Weighted average shares outstanding for the period - basic	22,795	15,807	44	20,729	15,812	31
Capital expenditures, gross	6,250	607	930	13,948	10,936	28

As at	December 31	December 31	
	2010	2009	Change
	\$	\$	%
Working capital	7,534	1,257	500
Total assets	121,536	82,081	48
Total long-term borrowings ⁴	35,859	23,222	54

1. Gross margin is defined as revenue less direct expenses. Gross margin is a measure that does not have a meaning prescribed under Canadian GAAP and accordingly, may not be comparable to similar measures used by other companies.

2. EBITDA is defined as income before interest, taxes, depreciation, amortization and impairments, gains or losses on foreign exchange, sales of capital assets, gain on business combination, bad debt provisions and stock-based compensation. EBITDA for the three months and year ended December 31, 2010 includes \$47,000 and \$961,000 of transaction costs related to Tesla's combination with Norex. EBITDA and EBITDA per share are presented because they are frequently used by securities analysts and others for evaluating companies and their ability to service debt. EBITDA is a measure that does not have any standardized meaning prescribed under Canadian GAAP and accordingly, may not be comparable to similar measures used by other companies. The Company is consistent with its calculation of EBITDA year over year.

3. Cash flow from operations is defined as "Cash provided by operating activities before changes in non-cash working capital." Cash flow from operations and cash flow from operations per share are measures that provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes these measures to assess the Company's ability to finance operating activities and capital expenditures. Cash flow from operations and cash flow from operations per share are not measures that have any standardized meaning prescribed by Canadian GAAP, and accordingly, may not be comparable to similar measures used by other companies. The Company is consistent with its calculation of cash flow from operations year over year.

4. Includes capital lease obligations and long-term debt, including current portions.

2010 Highlights:

- On April 16, 2010, Tesla and Norex Exploration Services Inc. (“Norex”) completed their business combination through a share exchange transaction resulting in Tesla shareholders owning approximately 70% of the shares of the combined entity and the previous Norex shareholders owning approximately 30%. Following amalgamation of the two companies and a share consolidation, the common shares of Tesla commenced trading on the Toronto Stock Exchange under the symbol “TXL” on April 22, 2010.
- Tesla generated \$15.4 million of EBITDA² (net of \$1.0 million of transaction costs) in 2010, a significant improvement over 2009, with strong contributions from the International and Offshore business segments partially offset by the North American Land segment’s results which were impacted by the increased costs of preparing equipment for the 2010/11 winter when equipment utilization reached full capacity.
- On a pro forma basis, Tesla had \$147.8 million of revenue and generated \$18.2 million of EBITDA² (before \$2.4 million of transaction costs) in 2010.
- Purchased 10,000 stations of three-component (“3C”) recording equipment to support high demand for the Canadian winter season. This equipment is particularly valuable to understanding the unique geophysical aspects of the unconventional resource plays in North America such as the oilsands and oil shale plays where a large portion of Tesla’s current workload is located.
- Tesla saw a significant increase in levels and areas of activity in Canada and the US during 2010 expanding our North American footprint. In Canada, two crews operated throughout the historically slow summer months included a series of projects in eastern Canada and the Maritimes. Crew count grew to six throughout the fourth quarter before an additional jump to eleven crews in the first quarter of 2011. In the US, three crews operated for most of the year with a focus in the northwestern and northeastern states.
- Tesla Offshore’s activity remained strong despite the overall slowdown in the Gulf of Mexico buoyed by deep tow vessel work and a longer than expected construction season. Tesla Offshore also provided rapid response survey services to support customers’ efforts related to the blow out in the Gulf of Mexico.
- Tesla-IMC completed the client funded demobilization from eastern Ethiopia which provided positive cash flows throughout the second half of the year. A crew remained in northern Ethiopia working on projects that will extend well into 2011.
- Tesla-IMC’s land and lake seismic acquisition project in Uganda continued throughout the second half of the year and Tesla-IMC is preparing for the start up of another project in the area. A third international crew started up in the U.K. early in the third quarter and will continue operating on committed projects into the middle of 2011.

Fourth Quarter Financial Results:

Consolidated revenues including reimbursables increased 73% in the fourth quarter of 2010 compared to the fourth quarter of 2009. North American land operations were well ahead of last year with six crews operational during most of the quarter in Canada compared to a slow build to three crews in 2009, while the US operated three crews for most of the quarter compared to no activity in 2009. These

improvements in activity levels are due to the combination with Norex and increased demand for our services driven by the increasing price of oil that has led to growing activity in the oil sands. There has also been increased activity in the oil shale plays and Maritime provinces. Tesla Offshore's activity was ahead of the comparative quarter benefiting from deep tow work early in the quarter and construction projects lasting longer than usual despite restrictions in place in the Gulf of Mexico as a result of the Macondo oil spill. International revenues were in line with the comparative quarter as the weaker Pound Sterling offset increased project activity levels including the completion of the demobilization exercise from eastern Ethiopia.

Gross margin increased in the fourth quarter of 2010 compared to 2009 with a significant improvement in International land operations along with additional margin from the North American land and Offshore segments. International margins were driven by profitable operations in the UK and Africa during the fourth quarter of 2010, specifically the completion of the demobilization exercise from eastern Ethiopia which allowed for final inventory and equipment counts and associated margin recognition. Non-recurring issues relating to the start up in Ethiopia were encountered in the fourth quarter of 2009. Improvements in North American land activity levels continued to be impacted by an increased repairs and maintenance program preparing equipment for the 2010/11 winter when equipment utilization reached full capacity. Offshore margin improved with the increased activity levels.

The Company's EBITDA increased in the fourth quarter of 2010 compared to 2009 due to the improvement in gross margin offset by increased general and administrative costs associated with the business combination with Norex and timing of bonus accruals and reversals in certain of the Company's subsidiaries.

2010 Financial Results:

The Company's consolidated revenues increased 28% in 2010 compared to 2009. North American land operations improved upon 2009 with increased activity and crew counts in both Canada and the US following the combination with Norex which expanded the Company's presence and client base across North America, specifically in eastern Canada and north eastern US. Tesla Offshore's activity was slightly ahead of the prior year benefiting from deep tow work throughout the year and a comparable summer construction season despite restrictions in place in the Gulf of Mexico as a result of the oil spill. This increase in activity was more than offset by the impact of a weaker US dollar on translation resulting in slightly lower revenues. International revenues improved despite the weaker Pound Sterling due to increased project activity levels including the successful demobilization from eastern Ethiopia.

Gross margin for the year increased in 2010 compared to 2009 with a significant improvement in International land operations and a modest increase in North American land operations, offset by a decline in Offshore margin. International operating margins returned to historical levels after the substantial non-recurring issues encountered in the second half of 2009. While North American land margin grew with the increased activity, margin was negatively impacted by a significant repairs and maintenance program preparing equipment for the 2010/11 winter when equipment utilization reached full capacity. Offshore margin declined due to a more competitive environment with the restrictions currently in place in the Gulf of Mexico.

The Company's EBITDA increased in 2010 compared to 2009 due to the improvement in gross margin offset by increased general and administrative and transaction costs associated with the business combination with Norex.

The Company's consolidated net loss in 2010 includes a \$4.4 million pre-tax gain and \$1.0 million of transaction costs on the acquisition of Norex along with a \$1.2 million pre-tax bad debt provision and a

\$1.3 million pre-tax impairment of the data library almost all of which relates to a program recorded for a US data brokerage firm in early 2009. These results were a marked improvement over the consolidated net loss in 2009.

Outlook:

North America Land Operations

Despite the low natural gas price which has historically driven seismic exploration activity levels in western Canada, developments in the oil sands and oil shale plays are growing, creating increased seismic activity for a large number of operators in these areas. To meet demand, Tesla Canada completed the purchase of 10,000 stations of three component ("3C") recording equipment and secured additional rental equipment to service this work. Tesla Canada's crew count rose to eleven crews during the first quarter of 2011. The size of crews in terms of equipment employed has also grown dramatically. The Company is operating over 100,000 channels in Canada this winter. Late starts to several programs along with the cold weather and deep snow will extend the timing of several programs and should keep four crews operating into April 2011 on term contracts. The Company expects a comparable level of summer work as experienced in 2010 with two crews operating throughout Canada.

In the US, Tesla-Conquest's crew count dropped to one during the first quarter of 2011 as equipment and personnel were utilized where appropriate to support the busy Canadian winter season. Tesla-Conquest still faces a challenging market due to natural gas pricing and a continued competitive landscape for a reduced number of programs but has seen bid activity increase for summer programs. With project awards and continued bid activity, Tesla-Conquest expects to operate up to two crews early in the second quarter of 2011 and up to three crews in the third quarter of 2011. Tesla-Conquest will continue to be selective in the programs it undertakes given the price sensitive environment.

International Land Operations

Following the demobilization from eastern Ethiopia, Tesla-IMC continued to operate a crew in northern Ethiopia in early 2011. After a short break, this crew will commence another Ethiopian project early in the second quarter that should last into the third quarter of 2011.

A second African crew is preparing for mobilization onto a marine and transition zone cross-border project in Uganda and the Democratic Republic of Congo which is expected to run during the second and third quarters of 2011. Tesla-IMC's UK crew has work scheduled through the first half of 2011.

Bid activity remains busy with a multitude of prospective work programs in the UK, Europe, Asia and throughout Eastern Africa. Tesla-IMC expects to be successful in obtaining additional work from these opportunities to extend its current backlog.

Offshore Operations

The lack of definitive timing for any future offshore lease sales by the US Government leaves Tesla Offshore's operations in unfamiliar territory. If new lease sales do not occur, or are not structured to allow operators to adequately evaluate new lease properties, there will be no requirement for geophysical surveys for the purpose of securing drilling permits. The drilling moratorium has now been lifted, but lease sales have still not been re-scheduled (normally scheduled for March and August) and operators report that drilling permit approvals on existing leases are moving forward very slowly. Until reinstatement of the Gulf lease sales and the timely issuance of drilling permits, the short-term outlook for Tesla Offshore's operations is uncertain.

After the expected slow start to the year, the Geophysical division mobilized a deep-tow system aboard Tesla Offshore's vessel for approximately three weeks of work. The Construction division has slowed down considerably and will stay that way until spring when special projects will resume. In addition, workloads for long term clients have been significantly reduced in the current environment which limits Tesla Offshore's survey support.

Tesla Offshore has increased the number of project tender responses and the amount of attention and effort put toward opportunities outside the Gulf of Mexico. As long term clients and other associates expand into areas such as Canada and Alaska, Tesla Offshore is configuring systems and staff to profitably provide services in those areas. This is expected to help during this unstable period in the Gulf of Mexico, as well as providing additional revenue sources continuing into the future.

Processing

The UK technical services office remains steady with a number of processing and interpretation projects recently awarded and underway with full utilization of capacity expected to continue. The Jakarta processing office is facing increased competition and lower processing prices, but has a backlog of projects that should keep the office busy for the first part of 2011. The Jakarta processing office has moved into the depth migration market by way of a revenue sharing agreement with an international software provider in order to expand offerings for customers. Additional opportunities continue to be pursued to maintain backlog.

Forward-looking Statements:

Certain information set forth in this press release, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "intends", "continues", "estimates", "objective", "ongoing", "may", "will", "should", "might", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements are based on current expectations, estimates and projections that involve a number of known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These include, but are not limited to, the risks outlined in the "Business Risks" section of the Company's MD&A for the three months and year ended December 31, 2010.

The information contained in this press release should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions. The Company cautions that actual performance will be affected by a number of factors, many of which are beyond its control. Investors are cautioned against attributing undue certainty to forward-looking statements. The forward looking information and statements contained in this press release speak only as of the date hereof and, subject to its obligations under applicable law, the Company does not intend, and does not assume any obligation, to update these forward-looking statements if conditions or opinions should change.

About Tesla

Tesla provides geophysical and related services in Canada, internationally through its wholly owned subsidiary Tesla-IMC International Ltd., and in the United States through Tesla-Conquest Inc. and Tesla

Offshore LLC. Since the Company's inception in 2000, Tesla has grown both organically and through acquisitions funded by retained earnings and prudent levels of borrowing, from a Canadian focused land seismic business to a global provider of a broad suite of geophysical and related services. Tesla trades on the TSX under the symbol "TXL".

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