

# Crescent Point Announces Strategic Shaunavon Consolidation Acquisition of Wild Stream Exploration, Expansion of Beaverhill Lake Land Position and Upwardly Revised 2012 Guidance

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CALGARY, Jan. 24, 2012 /CNW/ - [Crescent Point Energy Corp.](#) ("Crescent Point" or the "Company") (TSX: CPG) is pleased to announce that it has entered into an arrangement agreement (the "Wild Stream Arrangement") with [Wild Stream Exploration Inc.](#) ("Wild Stream"). Wild Stream is a publicly traded and 90 percent oil-weighted company with production of approximately 6,400 boe/d. Under the terms of the Wild Stream Arrangement, Crescent Point expects to acquire approximately 5,400 boe/d of Wild Stream's production, 91 percent of which is contiguous with Crescent Point's assets in the Shaunavon and Battrum/Cantuar areas of southwest Saskatchewan. The balance of Wild Stream's production will be transferred into a new junior exploration company ("Newco") in which Crescent Point will hold 2.65 million shares.

Assuming the successful completion of the Wild Stream Arrangement, Crescent Point's average daily production in 2012 is expected to increase to 83,500 boe/d from 80,000 boe/d and its 2012 exit production rate is expected to increase to more than 90,000 boe/d from 85,000 boe/d. In the Shaunavon resource play, the Company expects to have combined production of greater than 15,000 boe/d and more than 800 net sections of land, which include more than 200 net sections expected to be acquired in the Wild Stream Arrangement.

The Company also announces that it has expanded its land position in the Beaverhill Lake light oil resource play in northwest Alberta by more than 100 net sections through a series of acquisitions and Crown land sales, including 15 net sections expected to be acquired in the Wild Stream Arrangement.

## **WILD STREAM ARRANGEMENT**

Under the terms of the Wild Stream Arrangement, Crescent Point has agreed to acquire all of the issued and outstanding shares of Wild Stream at an exchange ratio of 0.17 of a Crescent Point share for each Wild Stream share. In addition, Crescent Point expects to assume approximately \$50.8 million of Wild Stream net debt, including deal costs and after taking into account proceeds from stock options and warrants expected to be exercised. The Company's aggregate consideration for Wild Stream is approximately \$610.9 million, based on a five-day weighted average trading price of \$45.62 per Crescent Point share.

As part of the Wild Stream Arrangement, Wild Stream will move certain of its assets in the Dodsland area into Newco and assume debt of \$43.5 million, for a Newco net asset value of approximately \$120.4 million, or \$1.61 per share.

The total value of the combined entity is \$9.37 per share, using Crescent Point's five-day weighted average trading price of \$45.62 per share and assuming a Newco net asset value of \$1.61 per share. This represents a three percent premium to Wild Stream's five-day weighted average trading price. The successful closing of the Wild Stream Arrangement is expected to provide Wild Stream shareholders with continued exposure to the Shaunavon resource play and Crescent Point's other core resource plays, its anticipated monthly dividend and exposure to the upside in Newco's Dodsland assets.

The Wild Stream Arrangement is expected to close on or before March 15, 2012, allowing Wild Stream shareholders to receive Crescent Point's anticipated March dividend, which is expected to be paid on or about April 16, 2012.

## **Key attributes of the Wild Stream assets to be acquired:**

- Current production of approximately 5,400 boe/d, of which approximately 4,900 boe/d is from the Shaunavon and Battrum/Cantuar areas and 90 percent of which is oil weighted;
- More than 200 net sections of land in the Shaunavon resource play;
- 15 net sections of land in the emerging Beaverhill Lake light oil resource play in the Swan Hills area;
- 37 net sections of land in the Battrum/Cantuar area of southwest Saskatchewan;
- More than 240 net internally identified low-risk drilling locations, including more than 190 net locations in the Shaunavon resource play; and
- Tax pools estimated at \$350 million.

### **Reserves Summary**

Independent engineers have assigned reserves utilizing NI 51-101 reserve definitions and effective December 31, 2011, as follows:

- Approximately 28.7 million boe of proved plus probable and 17.6 million boe of proved reserves; and
- Reserve life index of 14.6 years proved plus probable and 8.9 years proved.

### **ACQUISITION METRICS**

Based on the above expectations for the Wild Stream Arrangement, and after adjusting for estimated land and seismic value of \$18 million, the estimated acquisition metrics for the assets expected to be acquired, excluding the assets expected to be transferred to Newco, are as follows:

1. 2012 Cash Flow Multiple:
  - 6.9 times based on production of 5,400 boe/d (US\$95.00/bbl WTI, Cdn\$3.25/mcf AECO and US\$/CDN\$0.96 exchange rate)
2. Production:
  - \$109,800 per producing boe based on 5,400 boe/d
3. Reserves:
  - \$20.66 per proved plus probable boe
  - \$33.69 per proved boe

The Wild Stream Arrangement is expected to be accretive to Crescent Point on a per share reserves, production and cash flow basis.

### **BEAVERHILL LAKE TRANSACTIONS**

In addition, the Company has expanded its land position in the Beaverhill Lake light oil resource play in Alberta through a series of acquisitions and Crown land sales (the "Beaverhill Lake Transactions"). During the last six months, Crescent Point has acquired more than 85 net sections of land in the play, the majority of which are undeveloped, for aggregate consideration of approximately \$38 million of cash.

The Wild Stream Arrangement includes approximately 15 net sections of land in the Beaverhill Lake play. This land is adjacent to, and contiguous with, existing Crescent Point properties, and is in addition to the more than 85 net sections of land acquired in the Beaverhill Lake Transactions.

In total, and assuming the successful completion of the Wild Stream Arrangement, the Company will have more than 280 net sections of land in the emerging Beaverhill Lake play, of which 271 net sections are undeveloped.

Under the terms of the joint venture and farm-in agreement with Second Wave Petroleum Inc. in respect of certain lands in the Swan Hills and Judy Creek areas, Crescent Point expects to take over operatorship on these lands in the second quarter of 2012.

### **STRATEGIC RATIONALE**

The successful completion of the Wild Stream Arrangement is expected to further solidify Crescent Point's position as the largest player in the Shaunavon resource play in southwest Saskatchewan, in terms of production and land. Upon the successful completion of the Wild Stream Arrangement, Crescent Point expects to have production of greater than 15,000 boe/d and more than 800 net sections of land in the Shaunavon resource play. The Company expects to drill 91 net wells in the Shaunavon resource play in 2012.

Wild Stream's assets will also complement Crescent Point's existing position in Alberta's emerging Beaverhill Lake light oil resource play in the Swan Hills area.

The successful closing of the Wild Stream Arrangement is expected to provide Wild Stream shareholders with continued exposure to the Shaunavon resource play and Crescent Point's other core resource plays, its anticipated monthly dividend and exposure to the upside in Newco's Dodsland assets.

Assets acquired in the Beaverhill Lake Transactions are expected to consolidate the Company's land holdings in the Swan Hills area of Alberta and provide for further expansion of the emerging light oil resource play.

### **UPWARDLY REVISED 2012 GUIDANCE**

Crescent Point continues to execute its business plan of creating sustainable value-added growth in reserves, production and cash flow through management's integrated strategy of acquiring, exploiting and developing high-quality, long-life light and medium oil and natural gas properties in United States and Canada.

As a result of the Wild Stream Arrangement and the Beaverhill Lake Transactions, which are consistent with Crescent Point's strategy of consolidating core resource plays, Crescent Point is upwardly revising its 2012 capital expenditure plans and guidance.

Capital expenditures are expected to increase by \$50 million to \$1.15 billion, with \$42 million of the increase expected to be allocated to the Shaunavon play and the remainder to the Beaverhill Lake resource play. In the Shaunavon resource play, the capital expenditures increase is expected to provide for the drilling of an incremental 19 net wells, bringing the total expected for the year to 91 net wells.

Crescent Point's average daily production in 2012 is expected to increase to 83,500 boe/d from 80,000 boe/d and its 2012 exit production rate is expected to increase to more than 90,000 boe/d from 85,000 boe/d.

Funds flow from operations for 2012 is expected to be approximately \$1.44 billion, with a payout ratio of 59 percent, based on forecast pricing of US\$95 per barrel WTI, Cdn\$3.25 per mcf AECO gas and a US\$/Cdn\$0.96 exchange rate.

Crescent Point's balance sheet remains strong, with projected average net debt to 12-month cash flow of less than 1.0 times.

The Company continues to implement its balanced 3½-year price risk management program, using a combination of swaps, collars and purchased put options with investment grade counterparties. As at January 23, 2012, the Company had hedged 56 percent, 44 percent, 25 percent and 10 percent of production, net of royalty interest, for 2012, 2013, 2014 and the first half of 2015, respectively. Average quarterly hedge prices range from Cdn\$91 per boe to Cdn\$98 per boe.

The Company's upwardly revised guidance for 2012 is as follows:

Production	
Oil and NGL (bbls/d)	
Natural gas (mcf/d)	
Prior	
72,250	
46,500	
Revised	
75,500	
48,000	
Total (boe/d)	80,000 83,500
Exit (boe/d)	85,000 90,000
Funds flow from operations (\$000)	
Funds flow per share - diluted (\$)	

Cash dividends per share (\$) 1,380,000  
4.63  
2.76 1,440,000  
4.67  
2.76  
Capital expenditures (\$000) (1)  
Wells drilled, net 1,100,000  
347 1,150,000  
367  
Pricing  
Crude oil - WTI (US\$/bbl)  
Crude oil - WTI (Cdn\$/bbl)  
Natural gas - Corporate (Cdn\$/mcf)  
Exchange rate (US\$/Cdn\$)  
95.00  
98.96  
3.25  
0.96  
95.00  
98.96  
3.25  
0.96

(1) The projection of capital expenditures excludes acquisitions, which are separately considered and evaluated.

## **BOARDS OF DIRECTORS RECOMMENDATIONS**

The independent committees of the Boards of Directors of both Crescent Point and Wild Stream have unanimously recommended approval of the Wild Stream Arrangement to their respective boards. The Wild Stream Arrangement has been unanimously approved by those Crescent Point Board members entitled to vote. The Wild Stream Board of Directors has concluded that the Arrangement is fair to Wild Stream shareholders and has resolved to recommend that the Wild Stream shareholders vote their Wild Stream shares in favour of the Arrangement. The officers and Board of Directors of Wild Stream, representing approximately 18 percent of Wild Stream's issued and outstanding shares, have executed support agreements and have agreed to vote their Wild Stream securities in favour of the Arrangement.

The Wild Stream Arrangement is subject to Wild Stream shareholder approval, court approval and other conditions typical for transactions of this nature, and provides that Wild Stream will pay Crescent Point a non-completion fee of \$20 million in certain circumstances and further provides that an equivalent reciprocal non-completion fee will be payable by Crescent Point to Wild Stream in certain circumstances. The Company expects that the meeting of the Wild Stream shareholders to approve the Wild Stream Arrangement will occur on or about March 14, 2012, with the completion of the Arrangement to follow the day after. In the event the Wild Stream Arrangement closes after March 31, 2012, the exchange rate for the Wild Stream shares will increase to 0.17085 of a Crescent Point share.

## **FINANCIAL AND STRATEGIC ADVISORS**

BMO Capital Markets acted as financial advisor to Crescent Point with respect to the Wild Stream Arrangement. FirstEnergy Capital Corp. acted as strategic advisor to Crescent Point in connection with the Wild Stream Arrangement.

National Bank Financial Inc. and Peters & Co. Limited acted as financial advisors to Wild Stream with respect to the Wild Stream Arrangement. National Bank Financial Inc. has advised the independent committee of the Board of Directors of Wild Stream that, subject to its review of the final form of documentation effecting the Wild Stream Arrangement, the consideration to be received by Wild Stream shareholders is fair from a financial point of view.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this press release constitute forward-looking statements. All forward-looking statements are based on Crescent Point's beliefs and assumptions based on information available at the time the assumption was made. The use of any of the words "could", "should", "can", "anticipate", "expect",

"believe", "will", "may", "plan", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well-positioned" and similar expressions are intended to identify forward-looking statements. By their nature, such forward-looking 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. Crescent Point believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon. These statements speak only as of the date of this press release or, if applicable, as of the date specified in those documents specifically referenced herein.

In particular, this press release contains forward-looking statements pertaining to the following: the performance characteristics of Crescent Point's and Wild Stream's oil and natural gas properties; oil and natural gas production levels; capital expenditure programs; drilling programs; the quantity of Crescent Point's and Wild Stream's oil and natural gas reserves and anticipated future cash flows from such reserves; the quantity of drilling locations in inventory; projections of commodity prices and costs; anticipated benefits of the Wild Stream Arrangement; supply and demand for oil and natural gas; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; expected debt levels and credit facilities; and treatment under governmental regulatory regimes.

There are risks also inherent in the nature of the proposed Wild Stream Arrangement, including failure to realize anticipated synergies or cost savings; risks regarding the integration of the two entities; incorrect assessment of the value of Wild Stream; and failure to obtain the required shareholder, court, regulatory and other third party approvals.

This press release also contains forward-looking statements and information concerning the anticipated completion of the proposed Wild Stream Arrangement and the anticipated timing for completion thereof. Crescent Point has provided these anticipated times in reliance on certain assumptions that the Company believes are reasonable at this time, including assumptions as to the timing of receipt of the necessary regulatory and court approvals and the time necessary to satisfy the conditions to the closing of the Wild Stream Arrangement. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory or court approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Wild Stream Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release concerning these times. Readers are cautioned that the foregoing list of factors is not exhaustive.

By their nature, such forward-looking statements are subject to a number of risks, uncertainties and assumptions, which could cause actual results or other expectations to differ materially from those anticipated, including those material risks discussed in our annual information form under "Risk Factors" and our Management's Discussion and Analysis for the year ended December 31, 2010, under the headings "Risk Factors" and "Forward-Looking Information." The material assumptions are disclosed in the Management's Discussion and Analysis for the year ended December 31, 2010, under the headings "Dividends", "Capital Expenditures", "Asset Retirement Obligation", "Liquidity and Capital Resources", "Critical Accounting Estimates", "New Accounting Pronouncements" and "Outlook", and in Management's Discussion and Analysis for the period ended September 30, 2011, under the headings "Dividends", "Capital Expenditures", "Decommissioning Liability", "Liquidity and Capital Resources", "Critical Accounting Estimates" and "Outlook". The actual results could differ materially from those anticipated in these forward-looking statements as a result of the material risks set forth under the noted headings, which include, but are not limited to: financial risk of marketing reserves at an acceptable price given market conditions; volatility in market prices for oil and natural gas; delays in business operations, pipeline restrictions, blowouts; the risk of carrying out operations with minimal environmental impact; industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; uncertainties associated with estimating oil and natural gas reserves and Discovered Petroleum Initially in Place; economic risk of finding and producing reserves at a reasonable cost; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; incorrect assessments of the value of acquisitions and exploration and development programs; unexpected geological, technical, drilling, construction and processing problems; availability of insurance; fluctuations in foreign exchange and interest rates; stock market volatility; failure to realize the anticipated benefits of acquisitions; general economic, market and business conditions; uncertainties associated with regulatory approvals; uncertainty of government policy changes; uncertainties associated with credit facilities and counterparty credit risk; and changes in income tax laws, tax laws, crown royalty rates and incentive programs relating to the oil and gas industry.

A barrel of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas to

one barrel of oil.

Additional information on these and other factors that could affect Crescent Point's operations or financial results are included in Crescent Point's reports on file with Canadian securities regulatory authorities. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed herein or otherwise and Crescent Point undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required to do so pursuant to applicable law.

Crescent Point is a conventional oil and gas producer with assets strategically focused in properties comprised of high-quality, long-life, operated light and medium oil and natural gas reserves in United States and Canada.

CRESCENT POINT ENERGY CORP.

Scott Saxberg,  
President and Chief Executive Officer

**For further information:**

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Crescent Point shares are traded on the Toronto Stock Exchange under the symbol CPG.

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