Guide Exploration Ltd. Announces First Quarter 2012 Results

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CALGARY, May 7, 2012 - Guide Exploration Ltd. (TSX:GO) ("Guide" or the "Corporation") announces the financial results for the quarter ended March 31, 2012.

The unaudited consolidated financial statements of the Corporation for the periods ended March 31, 2012 and 2011 and the related management's discussion and analysis can be accessed on-line on SEDAR at www.sedar.com or on the Corporation's website at www.guidex.ca.

Highlights

- Revenue for the first quarter of 2012 (before realized financial derivatives) was $47.4 million, a decrease of 1.3% from $48.0 million in the first quarter of 2011. Funds flow from operations for the first quarter of 2012 was $18.8 million (0.19 per share diluted) a decrease of 29.9% from the $26.8 million realized in the first quarter of 2011.

- Production for the first quarter of 2012 averaged 5,285 barrels per day of crude oil and natural gas liquids and 54.6 Mmcf/d of natural gas. This represents a 27.4% increase from crude oil and NGL production of 4,148 barrels per day in the first quarter of 2011. Production of natural gas quarter over quarter increased by 2.2% from 53.4 Mmcf/d. Production included two months of natural gas sales from the Boyer property which was acquired on January 31, 2012. Including natural gas sales from Boyer, March 2012 production averaged 15,699 BOE/d comprised of 5,350 barrels per day of crude oil and NGLs and 62 Mmcf/d of natural gas. This represents a 22% increase over the 12,819 BOE/d produced in March 2011.

- Operating netbacks for the first quarter of 2012 averaged $16.68/BOE before realized gain on financial derivatives and $20.01/BOE after realized gain on financial derivatives.

- Funds flow was impacted by higher operating costs ($12.18/BOE) in the first quarter of 2012 as compared with $10.51/BOE in the first quarter of 2011. Operating costs were impacted by our increased focus on oil production and the corresponding higher operating costs for oil versus natural gas.

- The Corporation drilled 17 (14.2 net) wells resulting in 14 (11.7 net) oil wells and 1 (0.5 net) natural gas well and 2 (2.0 net) dry holes, for a success rate of 86% (net) during the quarter.

- Capital of $54.4 million was invested in exploration and development activities. In addition, $68.3 million was spent to acquire properties and $16.2 million was received on the sale of properties for net acquisitions of $52.1 million. Major areas of capital expenditure were $35.2 million in drilling and completions and $13.0 million in facilities. In addition, Guide spent $5.2 million on land acquisition and seismic in the first quarter of 2012.

- On January 24, 2012, 12,000,000 Class A Shares were issued at $3.05 per share for gross proceeds of $36.6 million.

- On January 31, 2012, the Corporation completed the acquisition of natural gas assets in the Boyer area of Alberta. Cash consideration of $62.0 million was paid including closing adjustments.

- At March 31, 2012 $182.1 million was drawn on available bank credit facilities of $250 million and the Corporation had a working capital deficiency of $42.1 million.

- At March 31, 2012, Guide had outstanding 104,407,135 Class A Shares, 10,437,632 share options with an average exercise price of $3.47 and 2,300,000 warrants.

- A loss of $12.2 million ($0.12) per basic share was recorded in first quarter 2012 compared to a loss of $13.3 million ($0.16 per share) in the first quarter of 2011.

- Subsequent to the end of the quarter, Guide renewed the credit facility of $250 million with a banking syndicate. The credit facility consists of a $225 million extendible 366 day revolving term facility to May 28, 2013 and a $25 million non-revolving facility.

2012 Operational Update

Exit production for the first quarter of 2012 was approximately 16,000 BOE/day including 5,600 barrels per day of oil and NGLs (35% liquids weighting). Subsequent to the end of the quarter, Guide has shut-in certain gas properties and will curtail natural gas production in other areas in response to the current spot AECO gas price. These shut-ins will impact approximately 10 to 15 percent of our natural gas production or approximately 6 to 9 Mmcf per day. Guide has hedges in place for the remainder of 2012 for approximately 31 Mmcf per day of natural gas at an average price of $5.09 /mcf AECO, thus the bulk of our gas production is protected from the current low gas price environment. At this time, Guide is not modifying its production guidance for 2012.

In the first quarter of 2012, Guide drilled a total of 14.2 net wells. Our major area of focus was Montney oil in the Normandville/Girouxville area where we added 6 net wells and upgraded our Normandville oil facility to handle an additional 5,000 barrels of oil per day and associated gas.

During the remainder of 2012, Guide plans to drill an additional 24 wells (22 net) including 19 wells (19 net) planned in the Normandville/Girouxville Montney fairway. Plans also include the construction of a 5,000 barrels per day capacity oil facility at Girouxville.

Work is continuing on our Duvernay prospect near Grande Prairie, Alberta. We anticipate spudding this well in the third quarter of 2012.

Average production was 14,382 BOE/d during Q1 2012, 10% higher than the average production of 13,048 BOE/d in Q1 2011. By product, production volumes increased over Q1 2011 as follows: light oil production by 36%, heavy oil production by 4%, natural gas liquids production by 20% and natural gas production by 2%.

In the first quarter of 2012 crude oil and NGLs accounted for 37% of average daily production compared with 32% in Q1 2011.

The average production reflects an effective date for the Boyer natural gas acquisition of January 31, 2012. With Boyer included, Guide's average production for March was 15,699 BOE/d of which 5,350 barrels per day (34%) was crude oil and NGLs.

Prices realized in the first quarter of 2012 were lower for all products than those realized in the first quarter of 2011, with the exception of heavy oil, which increased by 9%. Light oil prices decreased by 5%, NGL prices decreased by 3%, and the average price received for natural gas decreased by 45%.

On January 31, 2012, Guide completed the acquisition of the Boyer gas property in Northwestern Alberta. This low decline dry shallow gas property added an average of 21.0 Mmcf/d of sales gas production in February and March 2012. Guide transacted a financial contract for the period March 1 through December 31, 2012 on 10,000 GJ/d at CDN $4.50/GJ.

During the three months ended March 31, 2012 differentials widened in Alberta and the average light oil price received by Guide was approximately $14.00/Bbl lower than the weighted average posted Edmonton light oil par price. By comparison, during Q1 2011, the average light oil prices received by the Corporation were approximately $5.00/Bbl lower than the weighted average posted Edmonton light oil par price. Heavy crude differentials were effectively flat at $23.00/Bbl in Q1 2012 as compared to $24.00/Bbl in Q1 2011.

Guide's policy to hedge a portion of its crude oil and natural gas production impacted funds flow in the first quarter of 2012 as follows. For natural gas, Guide's financial contracts increased the average realized price by $1.23/Mcf from $2.19/Mcf to $3.42/Mcf. Note that the 10,000 GJ/d hedge put in place for the Boyer acquisition was effective only during the final month of the quarter. This financial contract is expected to improve Guide's realized price for the remainder of 2012. Guide's crude oil hedges decreased the average realized price by $4.01/Bbl from $76.84 to $72.83 per barrel.

Crude Oil Prices

Three months ended March 31 2012 2011
$000s $/Bbl $000s $/Bbl
Crude oil 33,866 76.84 26,674 78.41
Realized financial contracts (1,769) (4.01) (1,154) (3.39)
Transportation (1,036) (2.35) (655) (1.93)

Net crude oil 31,061 70.48 24,865 73.09

Natural Gas Prices

Three months ended March 31 2012 2011
$000s $/Mcf $000s $/Mcf
Natural gas 10,875 2.19 19,121 3.98
Realized financial contracts 6,133 1.23 5,915 1.23
Transportation (1,246) (0.25) (1,535) (0.32)
Net natural gas 15,762 3.17 23,501 4.89

NGL Prices

Three months ended March 31 2012 2011
$000s $/Bbl $000s $/Bbl
NGL 2,643 65.71 2,247 67.84
Transportation (30) (0.75) (10) (0.30)
Net NGL 2,613 64.96 2,237 67.54

Production by Property
Three months ended March 31
2012 2011
Gas Mmcf/d Oil & NGLs bbl/d BOE BOE/d % Gas Mmcf/d Oil & NGLs bbl/d BOE BOE/d %
Peace 25.0 3,449 7,612 53 30.3 2,242 7,298 56
Smoky 11.2 447 2,319 16 15.9 575 3,227 25
Boyer (Note 1) 13.7 - 2,287 16 - - - -
Cherhill 2.3 621 1,011 7 2.1 662 1,017 8
Other Areas 2.4 768 1,153 8 5.1 669 1,506 11
Total 54.6 5,285 14,382 100 53.4 4,148 13,048 100

Note 1 - Boyer was acquired on January 31, 2012. Monthly gas volume in February and March, 2012 averaged 21.0 Mmcf/d.

Peace Area - Includes Normandville, Girouxville, and Eaglesham

Peace Area production averaged 3,449 Bbl/d of oil and NGLs in the first quarter of 2012. This represents an increase of 54% in average daily oil and NGL production from 2,242 Bbl/d in the first quarter of 2011. During the same period, natural gas production decreased 17% from 30.3 Mmcf/d to 25 Mmcf/d. The area contributed 74% to total funds flow from operating activities in Q1 2012 based on 53% of production volumes.

Over the past 18 months, Guide confirmed the viability of oil in the Normandville/Girouxville Montney fairway and advanced this project into the development stage. During the first quarter of 2012, eight (8.0 net) wells were drilled in the Peace area and the Normandville oil facility was upgraded to handle an additional 5,000 barrels per day of oil and associated gas.

Up to a total of 19 (19.0 net) oil wells are planned in the Normandville/Girouxville Montney fairway during the remainder of the year. Plans also include the construction of a 5,000 barrels per day capacity oil facility at Girouxville.

Smoky Area - Includes Kakut

The Smoky area production averaged 447 Bbl/d of oil and NGLs and 11.2 Mmcf/d of natural gas during Q1 2012. During the same period in 2011, production averaged 575 Bbl/d of oil and NGLs and 15.9 Mmcf/d of natural gas. During the first quarter of 2012, the Smoky area contributed 12% of funds flow from operations and 16% of production volumes. Guide has suspended most of the short term development plans for the Smoky Area because of the current price of natural gas.

Two (1.5 net) wells were drilled within the Smoky area during the first quarter.

Boyer Area

On January 31, 2012, Guide completed the acquisition of the Boyer shallow gas property. This strategic acquisition provides Guide with a low decline dry gas property that can be further developed when gas prices recover. Guide commissioned a third party engineering firm to evaluate the Boyer assets effective December 31, 2011. The independent evaluator determined that the reserves attributable to the property were approximately 67.5 Bcf of proven gross natural gas reserves and 85.0 Bcf of proven plus probable gross natural gas reserves. In February and March, the Boyer property averaged gas production of 21.0 Mmcf/d, which is in line with both Guide's internal forecasts and the independent evaluation.

Cherhill Area - Includes Alexis and St Anne

Production in the Cherhill area averaged 621 Bbl/d of oil and NGLs and 2.3 Mmcf/d of natural gas during the first three months of 2012. During the same period in 2011, production averaged 662 Bbl/d of oil and NGLs and 2.1 Mmcf/d of natural gas. In Q1 2012, the Cherhill area contributed 10% of the funds flow from operations and 7% of production volumes.

Oil assets at Alexis and St. Anne continue to be exploited and optimized with two (0.4 net) wells drilled in this area during the first quarter.

Capital Expenditures

Exploration and evaluation assets, property and equipment, net ($000s)
Balance at December 31, 2011 617,543
Additions 55,145
Acquisitions 92,480
Disposals (17,970)
Derecognition expense (2,235)
Depletion and depreciation (23,328)
Balance at March 31, 2012 721,635

Three months ended March 31 2012 2011
($000s) % %
Land 3,997 7 8,056 17
Geological and geophysical 1,179 2 647 1
Drilling and completion 35,276 65 34,012 71
Plant and facilities 12,979 24 4,868 10
Inventory 493 1 523 1
Other assets 486 1 15 -
Exploration & evaluation assets, property & equipment investing activity 54,410 100 48,121 100

Capital expenditures during the first three months of 2012 were $54.4 million. Drilling and completions expenditures comprised 65% of capital activity. The Corporation drilled 17 (14.2 net) wells, resulting in 14 (11.7 net) oil wells, 1 (0.5 net) natural gas well, and 2 (2.0 net) dry & abandoned wells, for a success rate of 88% (85.9% net) during the quarter.

During the three months of 2012, the Corporation purchased interests in certain natural gas properties in the Boyer area of Alberta for cash consideration of $62.0 million, as well as interests in petroleum and natural gas properties in the Peace area of Alberta for cash consideration of $6.1 million.

On March 30, 2012, properties in the Senex area of Alberta were disposed of for net proceeds of $16.2 million, with no gain or loss recognized on disposal.

Liquidity and Capital Resources

As at March 31
2012
2011
($000s)
Bank debt 182,073 146,025
Working capital deficiency 1 42,071 27,515
Total net debt 2 224,144 173,540

1 Excludes fair value of financial derivatives and other liability

2See "Non-GAAP Measurements"

Funding of Capital Program

Three months ended March 31	2012	2011
($000s)		
Acquisition of properties	(68,282)	(119)
Disposals of properties	16,211	800
Funds flow from operations 1	18,818	26,842
Issuance of Class A shares, net of costs	34,545	-
Repurchase of Class A shares	(891)	-
Change in bank debt	43,825	10,343
Change in working capital and other	10,184	10,255
Exploration & evaluation assets, property & equipment investing activity	54,410	48,121

1See "Non-GAAP Measurements"

On January 24, 2012, the Corporation issued 12,000,000 Class A shares at $3.05 per share for gross proceeds of $36.6 million, or $34.5 million net of issuance costs.

During the quarter ended March 31, 2012, under the Normal Course Issuer Bid, the Corporation purchased 394,000 Class A shares for $891,000. The shares were cancelled subsequent to March 31, 2012.

As at March 31, 2012, the Corporation had $250 million in credit facilities available, consisting of a $225 million extendible 364 day revolving term facility and a $25 million non-revolving facility. The $25 million facility is available subject to mutual approval of the banking syndicate and the Corporation, including repayment terms. Collateral for the facilities consists of a demand debenture for $500 million collateralized by a first floating charge over all of the property, plant and equipment of the Corporation. At March 31, 2012, an amount of $182.1 million was drawn against the revolving credit facility (December 31, 2011 - $138.2 million).

The facilities bear interest at the bank's prime or banker's acceptance rates plus a rate margin. The margins ranged from 1.25% per annum to 5.25% per annum, based upon the Corporation's debt to cash flow ratio. For the three months ended March 31, 2012, the effective interest rate was 4.8% (March 31, 2011 - 5.2%).

The level of the borrowing base is determined by the bank syndicate based upon their review of, among other things, the Corporation's reserves and the value thereof, utilizing commodity prices determined by the bank syndicate which will be different than that utilized by the Corporation's independent reserve evaluator.

Subsequent to March 31, 2012, the Corporation renewed its credit facilities. The available amounts under the credit facilities were maintained at a $225 million extendible 366 day revolving term facility to May 28, 2013 and a $25 million non-revolving facility. The $25 million non-revolving facility is available subject to mutual approval of the banking syndicate and the Corporation, including repayment terms. The renewed facilities bear interest at the bank's prime or banker's acceptance rates plus a rate margin. The margins range from 1.25% per annum to 5.00% per annum, based upon the Corporation's debt to cash flow ratio.

GUIDE EXPLORATION LTD.

Consolidated Statements of Financial Position

($000s) (unaudited)	March 31, 2012	December 31, 2011
ASSETS		
CURRENT		
Accounts receivable	23,040	21,259
Deposits and prepaid expenses	2,816	9,258
Fair value of financial derivatives	28,881	22,997
	54,737	53,514
Exploration and evaluation assets	12,476	10,145
Property and equipment	709,159	607,398
	776,372	671,057
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	67,927	62,163
Bank loan	182,073	138,248
Other liability	1,738	3,554

Fair value of financial derivatives 14,214 2,250
265,952 206,215

Decommissioning liabilities 71,913 48,055
Fair value of financial derivatives 21,125 21,797
358,990 276,067

SHAREHOLDERS' EQUITY

Share capital 638,380 606,256
Contributed surplus 51,167 48,742
Retained earnings (deficit) (272,165) (260,008)
417,382 394,990
776,372 671,057

GUIDE EXPLORATION LTD.
Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

Three months ended March 31
($000s, except per share amounts) (unaudited) 2012 2011

INCOME
Petroleum and natural gas revenue 47,384 48,042
Royalties, net of gas cost allowance (7,296) (6,139)
Realized gain on financial derivatives 4,363 4,771
Unrealized loss on financial derivatives (5,408) (18,959)
Other income - 123
39,043 27,838

EXPENSES
Operating 15,946 12,342
Transportation 2,312 2,200
General and administration 4,791 3,156
Share-based compensation 600 599
Interest 2,105 1,857
Exploration expenses 413 215
Accretion 1,220 810
Derecognition expenses 2,235 3,400
Depletion and depreciation 23,328 20,746
52,950 45,325

Loss before taxes (13,907) (17,487)

Income taxes

Capital and other taxes 66 62
Deferred income tax recovery (1,816) (4,252)
(1,750) (4,190)
NET LOSS AND COMPREHENSIVE LOSS

(12,157) (13,297)

NET LOSS AND COMPREHENSIVE
LOSS PER SHARE

Basic (0.12) (0.16)
Diluted (0.12) (0.16)
Weighted average Class A shares - basic 101,339,531 83,980,083
- diluted 101,339,531 83,980,083

GUIDE EXPLORATION LTD.
Consolidated Statement of Changes in Equity

($000s) (unaudited)

Share Capital

Contributed Surplus Retained Earnings (Deficit)

Total

Balance, January 1, 2011 586,626 40,581 (47,201) 580,006

Share-based compensation - 3,514 - 3,514
Tax deduction of share issue costs (197) - - (197)
Issue of common shares 26,891 - - 26,891
Shares purchased and cancelled (7,064) 4,647 - (2,417)
Comprehensive loss - - (212,807) (212,807)

Balance, December 31, 2011 606,256 48,742 (260,008) 394,990

Share-based compensation - 895 - 895
Issue of common shares 34,545 - - 34,545
Shares purchased for cancellation (2,421) 1,530 - (891)
Comprehensive loss - - (12,157) (12,157)

Balance, March 31, 2012 638,380 51,167 (272,165) 417,382

GUIDE EXPLORATION LTD.
Consolidated Statement of Changes in Equity

($000s) (unaudited)

Share Capital

Contributed Surplus
Retained Earnings (Deficit)

Total
Balance, December 31, 2010 586,626 40,581 (47,201) 580,006

Share-based compensation - 820 - 820
Comprehensive loss - - (13,297) (13,297)

Balance, March 31, 2011 586,626 41,401 (60,498) 567,529

GUIDE EXPLORATION LTD.
Consolidated Statements of Cash Flows
Three months ended March 31
($000s) (unaudited) 2012 2011

Cash provided by (used in):

OPERATING ACTIVITIES
Net loss (12,157) (13,297)
Items not requiring cash:
Deferred income tax recovery (1,816) (4,252)
Depletion and depreciation 23,328 20,746
Derecognition expenses 2,235 3,400
Accretion 1,220 810
Share-based compensation 600 599
Other income - (123)
Unrealized loss on financial derivatives 5,408 18,959
Abandonment costs (241) (81)
Change in non-cash working capital 2,277 1,172
20,854 27,933

FINANCING ACTIVITIES
Issue of common shares, net of costs 34,545 -
Repurchase of common shares (891) -
Bank loan 43,825 10,343
77,479 10,343

INVESTING ACTIVITIES
Exploration and evaluation expenditures (6,430) -
Additions to property and equipment (47,980) (48,121)
Acquisitions of oil and gas properties (68,282) (119)
Disposals of oil and gas properties 16,211 800
Change in non-cash working capital 8,148 9,164
(98,333) (38,276)

CHANGE IN CASH - -
CASH, BEGINNING AND END OF PERIOD - -

SUPPLEMENTAL INFORMATION

Cash interest paid 2,002 1,847
Cash taxes paid 75 62

Guide has approximately 102.6 million Class A shares issued and outstanding which trade on the Toronto Stock Exchange under the symbol "GO".

ADVISORIES

Forward Looking Statements:

Certain information regarding Guide Exploration Ltd. in this news release including management's assessment of future plans and operations, drilling plans, and facility construction plans, production estimates and commodity mix, plans to curtail production and expected impact, and capital expenditures are forward looking statements. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, wells not performing as expected, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Corporation believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Corporation can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration results; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Corporation to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and the ability of the Corporation to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list of factors and assumptions is not exhaustive. Additional information on these and other factors that could affect Guide's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com), at Guide's website (www.guidex.ca). Furthermore, the forward looking statements contained in this news release are made as at the date of this news release and Guide does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Non-GAAP Measurements:

This news release contains terms commonly used in the oil and gas industry, such as funds flow from operations, funds flow from operations per share, and operating netback. These terms are not defined by Generally Accepted Accounting Principles ("GAAP") and should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with GAAP as an indicator of Guide's performance. Management believes that in addition to net earnings, funds flow from operations is a useful financial measurement which assists in demonstrating the Corporation's ability to fund capital expenditures necessary for future growth or to repay debt. Guide's determination of funds flow from operations may not be comparable to that reported by other companies. All references to funds flow from operations throughout this news release are based on cash flow from operating activities before changes in non-cash working capital and abandonment expenditures. The Corporation calculates funds flow from operations per share by dividing funds flow from operations by the weighted average number of Class A shares outstanding. Guide uses the term net debt. This measure does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.

BOES:

Disclosure provided herein in respect of barrels of oil equivalent (boe) 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. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1; utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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