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First Half 2012 M&A Value Exceeds Total For All Of 2011

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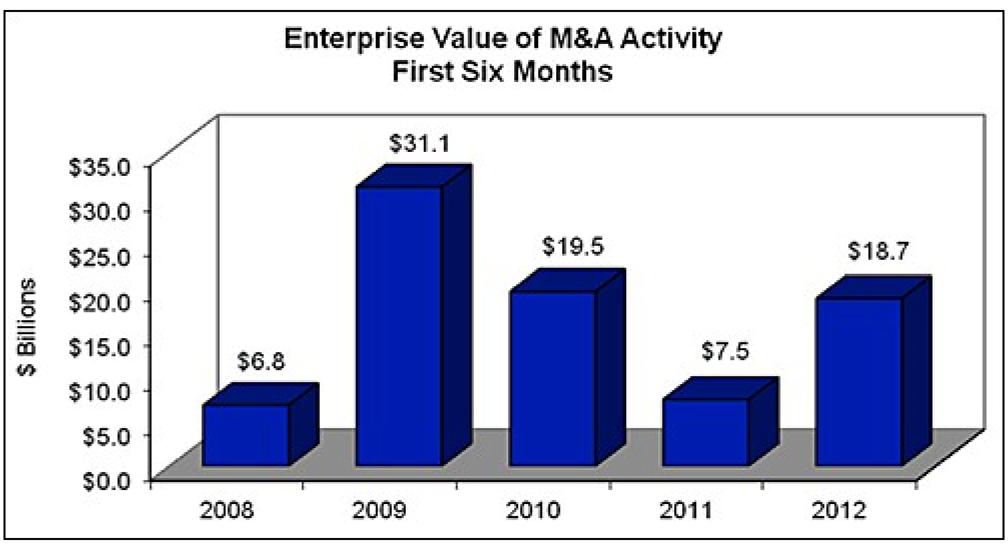
The total enterprise value of Canadian oil and natural gas industry merger and acquisition ("M&A") activity in the first six months of 2012 was approximately $18.5 billion, up 151% from the $7.5 billion recorded in the first half of 2011. This total exceeds the total value of M&A transactions for all of 2011, which was $15.6 billion.

The higher M&A value in the first half of 2012 was caused by an increase in the number of transactions (valued at over $5 million), which rose 16% to 72 from 62 during the same time period a year ago. Of the 72 large deals in the first half of this year, four were valued at over $1 billion, compared to just two in the first half of 2011. These four deals accounted for 61% of the total M&A value in the first half of this year.

The largest transaction in the first six months of 2012 is the pending acquisition of **Progress Energy Resources Corp.** by PETRONAS' Canadian subsidiary, **PETRONAS Carigail Canada Ltd.**, for approximately $5.5 billion. This single transaction accounts for 29% of the aggregate M&A value this first half. The transaction follows the announcement of a joint venture established between the two companies last year to develop a portion of Progress' Montney shale assets in the Foothills of northeast British Columbia.

Crescent Point Energy Corp. has been on an acquisition frenzy so far this year, having completed three corporate and five large property acquisitions, totaling approximately $2.2 billion. The corporate acquisitions included **Wild Stream Exploration Inc.**, **Reliable Energy Ltd.** and **Cutpick Energy Inc.** Property acquisitions included **PetroBakken Energy Ltd.**'s Viewfield Bakken assets in southeastern Saskatchewan, a 0.8% interest in the Weyburn Unit in Saskatchewan, **Penn West Exploration**'s assets in the Virden area of Manitoba, three net sections of mostly undeveloped land in the Viewfield area of Saskatchewan and Shaunavon assets located in southwestern Saskatchewan.

Property transactions dominated the first half of 2012 in number, but not in total value. There were 55 property deals compared to 17 corporate transactions in the first half of this year. The aggregate value of the 17 large corporate transactions this year was $10.5 billion while the total value of the large property transactions was $8.0 billion. This compares to 18 corporate deals totaling $3.1 billion in aggregate value and 44 property transactions totaling $4.1 billion in aggregate value in the first half of 2011.



The creation of joint venture partnerships between Canadian-based companies and foreign-based entities has continued into 2012. In the first quarter of 2012, Japan's **Mitsubishi Corp.** announced a $2.9 billion acquisition and joint venture agreement with **Encana Corporation**. Mitsubishi paid $1.45 billion for a 40% stake in Encana's Cutbank Ridge assets and plans to invest a further $1.45 billion in the project over five years, in addition to its 40 percent share of the project's future capital investment. The deal did not include any of Encana's current Cutbank Ridge production of about 600 million cubic feet of natural gas per day, processing plants, gathering systems or any of Encana's Alberta land holdings.

Also in the first quarter, **PetroChina International Investment Limited** and **Royal Dutch Shell plc** entered into a joint venture to develop Shell's assets in the Groundbirch area of northeastern British Columbia. PetroChina acquired a 20% working interest in the assets.

In the second quarter of 2012, **Toyota Tsusho Wheatland Inc.**, a subsidiary of **Toyota Tsusho Corporation**, announced a $600 million joint venture transaction with Encana. The Japanese company will invest approximately $602 million ($100 million with the closing of the transaction and approximately $502 million over seven years) to acquire a 32.5% royalty interest in natural gas production from a portion of Encana's coalbed methane (CBM) resource play. The agreement includes production from a total of about 5,500 existing wells and potential future drilling locations in southern Alberta. The vast majority of this acreage is fee simple lands, where Encana holds the mineral rights in perpetuity, which are estimated to contain significant amounts of remaining recoverable natural gas.

The third quarter of 2012 is proving to be quite active thus far. With the activity announced to date, the total value of M&A transactions in the last half of 2012 is expected to exceed the first half levels.

The largest transaction announced in the third quarter to date is **CNOOC Limited**'s **("CNOOC")** planned acquisition of **Nexen Inc**. for $ 15.1 billion, or $27.50 cash per share. Nexen has oilsands and shale gas in Western Canada and conventional exploration and development primarily in the North Sea, offshore West Africa and deepwater Gulf of Mexico. CNOOC is Nexen's 35% working interest partner in the Long Lake oilsands project, after acquiring its interest in the Long Lake oilsands project through its acquisition of OPTI Canada Inc. in the third quarter of 2011 for $2.1 billion.

Also this quarter, **Open Range Energy Corp.** was sold to **Peyto Exploration & Development Corp.**, for 0.0723 of a Peyto common share for each share of Open Range. Previously, in the second quarter of 2012, Open Range entered into a less favorable arrangement agreement with **Cequence Energy Ltd.** As a result of Peyto's superior offer, Open Range paid Cequence a non-completion fee of $4.6 million and entered into an agreement with Peyto. Reasons stated by Open Range for entering into an arrangement with Peyto were enhanced liquidity and participation in an intermediate exploration and a $0.06 per share monthly dividend ($0.72 per share annually), the longest producing reserve life in the industry and operational and infrastructure synergies for even greater long-term shareholder value creation.

In July, **Anglo Canadian Oil Corp.** and **Tallgrass Energy Corp.** entered into an agreement to effect a strategic business combination whereby Tallgrass shareholders will exchange each of its shares for 14.4887 of an Anglo share. The resulting company will be renamed "**Tallgrass Energy Corp.**" and will be led by Tallgrass' existing management team. Concurrent with the announcement of the transaction, Tallgrass acquired producing Cardium light oil assets and 10.25 undeveloped Cardium sections in central Alberta from **Compton Petroleum Corporation** for $17.0 million. The property is currently producing 450 boepd (73% oil and liquids) with proven reserves of 1.7 MMboe and proven plus probable reserves of 2.1 MMboe.

Following the announcement of the sale of assets to Tallgrass, Compton announced a transaction whereby **MFC Industries Ltd.** has agreed to acquire all of the issued and outstanding common shares of Compton for $1.25 per common share, in cash, by way of a take-over bid.

In August, **Connacher Oil and Gas Limited** announced its intention to exit the midstream business by selling its heavy oil refinery and related assets in Great Falls, Montana for US$155-$170 million. Concurrent with this announcement, Connacher stated it has entered into a letter of intent to sell all of its conventional petroleum and natural gas assets for $18.3 million.

Guide Exploration Ltd. and **WestFire Energy Ltd.** announced in August a business combination of the two companies, structured as a reverse take-over of Guide by WestFire. Guide shareholders will receive a 0.4167 of a WestFire share for each Guide share. The resulting company will be renamed "**Long Run Exploration Ltd.**" and will be led by Guide's current management team.

Also this month, **Kallisto Energy Corp.** announced it has entered into a plan of arrangement with **Cumberland Oil & Gas Ltd.** whereby Cumberland will exchange each of its shares for 0.918 of a Kallisto share. Cumberland also announced the sale of its West Nig property for $1.8 million.

With the high level of activity seen in the first half of the year continuing well into the second half, 2012 is shaping up to be an active year.