

Cequence provides operational update

CALGARY, Jan. 9, 2012 /CNW/ - Cequence Energy Ltd. ("Cequence" or the "Company") is pleased to provide the following operational update and initial results from its winter drilling program which is focused on the delineation of the Montney land base at Simonette.

- Recently completed a Montney gas/condensate well with a fifteen day average production rate of 4.8 mmcf and 216 b/d of NGLs. The well is located approximately 2 miles north of Cequence's discovery at 7-31;
- Currently drilling three (1.5 net) Montney gas/condensate wells. Cequence anticipates liquids yields of approximately 45 bbls/mmcf from the Montney;
- Completed two Montney oil wells in Q4 (1-22 and 1-13) which tested individually at rates of up to 265 b/d (> 45 API). Pumpjacks are being installed to evaluate the potential of these wells;
- Currently testing a 50 WI% Dunvegan horizontal well on an oil and gas condensate trend. The well is being cleaned-up prior to evaluation;
- Expanded the land base at Simonette by 20 sections with a recent farm-in. Cequence controls more than 220 gross sections with an average working interest of 75%;
- Construction is underway on a 120 mmcf meter station and connection to the Alliance Pipeline and Aux Sable Deep Cut facility. Start-up is expected in April 2012 and, based on \$3.50 AECO natural gas, is expected to result in an increase of \$3.00 to netbacks per boe at Simonette; and
- Current production estimates of the Company are approximately 10,600 boepd.

Cequence is a publicly traded Canadian energy company involved in the acquisition, exploitation, exploration, development and production of natural gas and crude oil in western Canada. Further information about Cequence may be found in its continuous disclosure documents filed with Canadian securities regulators at www.sedar.com.

Cequence's corporate presentation has been revised and can be viewed at cequence-energy.com.

Forward looking Statements or Information

Certain statements included or incorporated by reference in this press release constitute forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this press release may include, but are not limited to, statements or information with respect to the Company's future production levels and oil and NGL yields; business strategy and objectives; development and exploration plans and the timing thereof; commodity pricing; anticipated netbacks; and the timing and operational capacity of the Alliance/Aux Sable Deep Cut facility. 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 Company believes that the expectations reflected in such forward-looking statements or information are reasonable, however, undue reliance should not be placed on forward-looking statements because the Company 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 press release, assumptions have been made regarding, among other things: field production rates and decline rates; the impact of increasing competition; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company 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; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties which may cause actual results to differ materially from the forward-looking statements or information. The material risk factors affecting the Company and its business are contained in the Company's Annual Information Form which is available at SEDAR at www.sedar.com.

The forward-looking statements or information contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise unless required by applicable securities laws. The forward looking statements or information contained in this press release are expressly qualified by this cautionary statement.

Non- GAAP Measures

The press release contains references to terms commonly used in the oil and gas industry. These measures include "netbacks" and "funds flow from operations". These measures are not defined under GAAP and should not be considered in isolation or as an alternative to conventional GAAP measures. Certain of these measures are not necessarily comparable to a similarly titled measure of another company. When these measures are used, they have been footnoted and the footnote to the applicable measure notes that the measure is "non-GAAP" and contains a description of how to reconcile the measure to the applicable financial statements. These measures should be given careful consideration by the investor.

Specifically, management of Cequence uses netbacks and funds flow from operations as they are non-GAAP measures used extensively in the Canadian energy sector for comparative purposes. Netbacks are calculated through total revenue less royalties, operating costs and transportation costs. Management utilizes this measure to analyze operating performance. Cequence defines the term "funds flow from operations" as cash flow from operating activities before adjustments for asset retirement expenditures, proceeds from sale of commodity contracts and net changes in non-cash working capital. Cequence evaluates its performance based on earnings and funds flow from operations. Cequence considers funds flow from operations a key measure as it demonstrates Cequence's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Cequence's calculation of funds flow from operations may not be comparable to that reported by other companies.

Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

BOEs are presented on the basis of one BOE for six Mcf of natural gas. Disclosure provided herein in respect of 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.

The TSX has neither approved or disapproved the contents of this news release.

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