

## CEQUENCE ENERGY LTD. COMPLETES ACQUISITION OF PRIVATE COMPANY

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CALGARY, June 10 - Cequence Energy Ltd. ("Cequence" or the "Company") (TSX - CQE) announced today that all of the conditions to its offer to acquire all of the issued and outstanding shares ("Peloton Shares") of Peloton Exploration Corp. ("Peloton") have been satisfied. As a result, Cequence has taken-up approximately 99% of the currently issued and outstanding Peloton Shares. Cequence will pay for the Peloton Shares as soon as possible. Peloton shareholders who have tendered to the offer will receive 0.205 of a Cequence common share for each Peloton Share held.

Cequence intends to acquire all the remaining Peloton Shares that were not tendered to the offer pursuant to the compulsory acquisition provisions of the Business Corporations Act (Alberta) as soon as practicable.

An aggregate of approximately 12.1 million Cequence common shares will be issued to acquire all of the shares of Peloton.

As previously disclosed, Peloton contributes a new key land position in the Cardium light oil and Elkton natural gas resource plays in West Central Alberta. Peloton's assets include 58 net sections of undeveloped land throughout West Central and Northwest Alberta including four sections at Garrington with identified resource plays in the Cardium for light oil and the Elkton for liquids rich natural gas. Cequence has identified 14 (11.0 net) horizontal locations targeting the Cardium formation and 5 (4.5 net) horizontal locations targeting the Elkton formation. As a result of the high liquids content of both of these resources, Cequence expects to spend approximately \$6.5 million on these prospects in the second half of 2010. In addition, Peloton has a working interest in 11 net sections of land at Fir, a multi-zone, Deep Basin natural gas play with 14 (4.4 net) locations identified.

Peloton is currently producing 650 boe/d (with an additional 200 boe/d of tested production behind pipe), of which 85 percent is natural gas and 15 percent is oil and natural gas liquids. In the last half of 2009, Peloton successfully drilled two exploration wells at Garrington, one currently on production and one awaiting surface facility modifications, that Cequence believes significantly increases the size of the resource potential at Garrington. This drilling success, combined with Peloton's land base and repeatable nature of the play, provides the potential, in the opinion of Cequence's management, for significant production and reserves growth from both the Cardium and Elkton.

## **Appointment of Director**

In connection with the completion of the acquisition of Peloton, the Company is also pleased to announce that Mr. Francesco Mele has been appointed to the Board of the Company. Mr. Mele is a Principal of KERN Partners Ltd. ("KERN"). KERN and its affiliated entities now exercise control or direction over an aggregate of approximately 7 million Cequence common shares (13.6% on a non-diluted basis).

## **Financial Advisors**

Cormark Securities Inc. acted as the exclusive financial advisor to Cequence and FirstEnergy Capital Corp. acted as exclusive financial advisor to Peloton in connection with the transaction.

## **Notice to United States Shareholders**

The Offer is made for the securities of a Canadian company and is subject to Canadian disclosure requirements that are different from those of the United States. Financial statements included or incorporated by reference in the take-over bid circular and Offer have been prepared in accordance with Canadian generally accepted accounting principles and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards. As a result, such financial statements may not be comparable to the financial statements of United States companies.

It may be difficult for shareholders located in the U.S. to enforce their rights and any claim that they may have arising under United States federal or state securities laws, as Cequence is incorporated under the laws of Alberta, Canada, and all or most of its assets are located in Canada and all of its officers and directors are residents of Canada. Shareholders located in the U.S. may not be able to sue a foreign entity or its officers or directors in a foreign court for violations of U.S. federal or state securities laws. It may be difficult to compel a foreign entity and its affiliates to subject themselves to a U.S. Court's judgment.

Cequence Energy Ltd. 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](http://www.sedar.com).

## **Forward Looking Information**

*Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Such forward-looking information is 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 information typically contains 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 information in this press release may include, but is not limited to, information with respect to: operational decisions and the timing thereof, development and exploration plans and the timing thereof; and future production levels. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking information is reasonable, undue reliance should not be placed on forward-looking information 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 and are implicit in, among other things: field production rates and decline rates; the ability of the Company to secure adequate product transportation; the ability of the Company to realize the anticipated benefits of the acquisition of Peloton; 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 to develop its business; Cequence's ability to operate the properties 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; 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 information is 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 information. The material risk factors affecting the Company and its business are contained in the Company's Annual Information Form which is available under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

*The forward-looking information contained in this press release is made as of the date hereof and the Company 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 by applicable securities laws. The forward looking information contained in this press release is expressly qualified by this cautionary statement.*

### ***Additional Advisories***

*This press release does not constitute an offer for or solicitation of Peloton Shares in any jurisdiction. Any such solicitation would be made only by formal offer to purchase and take-over bid circular and only in those jurisdictions where Cequence may legally do so.*

*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 Toronto Stock Exchange has neither approved nor disapproved the contents of this press release*

For further information:

Howard Crone, Chief Executive Officer, (403) 806-4040,  
[hcrone@cequence-energy.com](mailto:hcrone@cequence-energy.com)

David Gillis, Chief Financial Officer, (403) 806-4041  
[dgillis@cequence-energy.com](mailto:dgillis@cequence-energy.com)