

CEQUENCE ENERGY LTD. ANNOUNCES EXPLORATION SUCCESS AND FOURTH QUARTER RESULTS

CALGARY, March 18, 2010 – Cequence Energy Ltd. ("Cequence" or the "Company") (TSX: "CQE") is pleased to announce its operating and financial results for the fourth quarter and the year ended December 31, 2009.

EXPLORATION SUCCESS

Cequence enjoyed excellent drilling success in the fourth quarter of 2009 and the first quarter of 2010:

- The combined productivity of the new discoveries exceeds 2,000 boe/d;
- Tie-ins are underway with 1,300 boe/d expected to be onstream by July 2010;
- Achieved finding, development and acquisition costs including future development capital of \$13.67 per proved plus probable boe; and
- Increased proved reserves per share by 44 percent and proved plus probable reserves per share by 57 percent from the date of the Company's reorganization.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The fourth quarter of 2009 was the first full quarter for new management following the reorganization and recapitalization of the Company on July 30, 2009. The quarter was highlighted by strong efficiencies from the Company's capital program and immediate reductions in cash costs.

Fourth Quarter

- Increased average production from the third quarter by 59 percent to 2,089 boepd from 1,317 boepd in the third quarter;
- Reduced operating costs by 35 percent from the third quarter to \$14.06 per boe and increased the operating netback by 53 percent to \$23.71;
- Recorded fourth quarter funds flow of \$3.2 million or \$0.08 per share; exited 2009 with positive working capital of \$6.0 million;
- Completed the acquisition of the remaining shares of HFG Holdings Inc. ("HFG") to increase our working interest in the Company's 14 section Sinclair Montney play and 46 additional sections of prospective Montney land;
- Established the viability of a Montney resource play at Sinclair with two successful horizontal wells; and
- Spent \$16.6 million on drilling, recompletions and land and \$6.0 million on property acquisitions in the fourth quarter.

Annual

- Completed the reorganization of management and the board of directors and a concurrent recapitalization of the Company in the third quarter. A total of \$67.3 million in new equity was raised in the year eliminating current debt;
- Emerged from the reorganization with proven management and board of directors and with the financial flexibility to execute both drilling and acquisitions in a low natural gas price environment;

- Completed property acquisitions of \$21.8 million for the year consolidating assets in its core areas;
- Increased total proved plus probable reserves by 70 percent to 12.8 mboe and proved reserves by 56 percent to 7.5 mboe;
- Achieved finding, development and acquisition costs including future development capital of \$13.67 per proved plus probable boe. FD&A costs excluding future capital were \$8.51 per boe on a proved plus probable basis;
- Increased the net present value of the Company's proved plus probable reserves by 34 percent to \$157.7 million using a discount rate of 10 percent; and
- Net asset value of \$4.83 per share based on the value of proved plus probable reserves of \$157.7 million, undeveloped land of \$31.5 million, positive working capital of \$6.0 million, investments of \$13.7 million and the long-term debt related to investments of \$18.1 million.

OPERATIONS REVIEW

Peace River Arch, Alberta

Successful drilling and land acquisitions have added to the existing opportunities for growth in the Peace River Arch. Cequence commenced its drilling program in the first quarter of 2010 with 3 exploration wells (3 net) within the Triassic fairway that yielded one new gas discovery and one oil and gas discovery. The third well is still being competed. Cequence continues to acquire additional lands in the Peace River Arch and an additional 7 wells are planned for 2010.

In the first quarter of 2010, Cequence completed a successful Montney horizontal well at Gordondale. The well was brought on production in March at a rate of 3.5 mmscf/d with a flowing pressure of 1,600 psi. Cequence has two successful Montney wells at Gordondale and a third horizontal well is planned for 2011.

Sinclair, Alberta

In 2009, Cequence directed \$15.0 million of its drilling budget to the Sinclair area of Northwest Alberta. The capital program established the viability of a Montney resource play while preserving expiring mineral rights and fulfilling the outstanding flow through commitments inherited through the acquisition of HFG.

In December 2009 Cequence drilled and completed its first horizontal well at Sinclair in the Upper Montney. The well underwent a five day flow test and produced at a stabilized rate of approximately 5.0 mmscf/d. In January 2010, our second Upper Montney well was completed with stabilized test rates of 3.5 mmscf/d. Results from these two wells were encouraging and have proven a resource play in the Upper Montney at Sinclair. Based on the success of these two wells, the December 31, 2009 reserve report includes 1.5 mboe of proved reserves and 3.5 mboe of proved plus probable reserves at Sinclair. Management estimates that further development at Sinclair will result in the recognition of up to 15 additional Upper Montney locations not recognized in the December 31, 2009 reserve report.

The Sinclair development is in its initial stages and drilling has continued in the first quarter of 2010. The Company is preparing to complete its first horizontal well in the Lower Montney. A shortage of stimulation equipment due to increased industry activity has delayed the completion of this well until the summer of 2010. A successful well has the potential to significantly increase the size of the resource as no reserves have been recognized in the Lower Montney. Cequence has plans to drill one additional well (0.5 net) at Sinclair in 2010.

Acquisitions

In November, Cequence completed its third property acquisition of the year. The acquisition in the Valhalla area of Northwest Alberta added 165 boepd of production and related lands for total consideration of \$6.1 million. More importantly, the acquisition establishes a foothold in a region with multi zone producing horizons, liquids rich gas and the potential for high-impact wells. Management intends to continue pursuing similar acquisitions and expects to find comparable opportunities at attractive valuations in the near future.

Also in November, Cequence completed the acquisition of the remaining shares of our 71 percent owned subsidiary, HFG. The acquisition simplified the corporate structure of Cequence and increased the working interest in our Sinclair Montney prospects in Northwest Alberta and Northeast British Columbia to 100 percent.

Financial Highlights

(000's except per share amounts)	Three months ended December 31		Year ended December 31	
	2009	2008	2009	2008
Financial (\$)				
Production revenue, including realized hedge	\$ 8,847	\$ 8,079	\$ 27,983	\$ 46,953
Net loss	(2,656)	(987)	(8,654)	(8,179)
Per share, basic and diluted	(0.07)	(0.10)	(0.41)	(0.84)
Funds flow from operations ⁽¹⁾	3,161	1,278	3,927	20,589
Per share, basic and diluted	0.08	0.13	0.19	2.11
Funds flow from operations before reorganization expenses ⁽²⁾	3,161	1,278	7,222	20,589
Per share, basic and diluted	0.08	0.13	0.34	2.11
Production volumes				
Natural gas (mcf/d)	10,696	9,480	8,348	12,139
Crude oil (bbls/d)	230	186	151	210
Natural gas liquids (bbls/d)	76	122	85	115
Total (boe/d)	2,089	1,887	1,627	2,349
Sales prices				
Natural gas, including realized hedges (\$/mcf)	\$ 6.97	\$ 7.34	\$ 7.46	\$ 8.06
Crude oil (\$/bbl)	71.65	53.55	65.09	93.64
Natural gas liquids (\$/bbl)	68.82	67.98	53.91	93.57
Total (\$/boe)	\$ 46.05	\$ 46.52	\$ 47.12	\$ 54.61
Operating Netbacks (\$/boe)				
Price	\$ 46.05	\$ 46.52	\$ 47.12	\$ 54.61
Royalties	(4.21)	(5.15)	(5.33)	(6.69)

Transportation	(4.07)	(1.97)	(2.65)	(1.55)
Operating costs	(14.06)	(16.30)	(16.52)	(14.85)
Operating Netback	\$ 23.71	\$ 23.10	\$ 22.62	\$ 31.52
Capital Expenditures	16,526	6,095	24,836	37,429
Corporate and Property Acquisitions	6,374	(14,508)	21,795	(35,699)
Total capital expenditures	22,900	(8,413)	46,631	1,730
Net working capital (deficiency) ⁽³⁾	6,010	(33,305)	6,010	(33,305)
Long-term debt related to investments ⁽⁴⁾	(18,054)	-	(18,054)	-
Weighted average shares outstanding (basic and diluted)	38,152	9,698	21,085	9,753
Undeveloped land (net acres)	145,229	121,000	145,229	121,000

- (1) Funds flow from operations is calculated as net income plus non controlling interest, unrealized derivate gains and losses, depletion, accretion, future income taxes, stock compensation expense, valuation allowances and loan premium amortization.
- (2) Funds flow before reorganization expense is calculated as funds flow plus the reorganization expenses of \$3,295.
- (3) Net working capital is calculated cash, net working capital less the derivative contract asset and the demand credit facilities.
- (4) The long-term debt related to investments is a stand alone credit facility with Cequence's lender to provide short term liquidity to the Company in connection with the restructuring of the asset backed MAV II notes.

FINANCIAL

For the quarter ended December 31, 2009, Cequence reported funds flow from operations of \$3.2 million compared to \$1.3 million in the fourth quarter of 2008. Netbacks remained consistent with the prior year and the increase in cash flow relates to increased production volumes and lower interest expense. Cequence recorded a loss of \$2.7 million for the fourth quarter of 2009 compared to a loss of \$1.0 million in 2008 primarily due to a loss on derivative financial instruments in the fourth quarter of 2009.

For the year ended December 31, 2009, Cequence reported a loss of \$8.7 million compared to a loss of \$8.2 million in 2008. Earnings in 2009 were negatively impacted by lower production, \$3.3 million expensed as part of the reorganization and a high cost structure. Following the reorganization in the third quarter, significant progress has been made to reduce the overall cost structure of the Company. Compared with the third quarter, the Company improved operating costs by 35 percent to \$14.06 per boe and normalized general and administrative expenses by 52 percent to \$2.94 per boe. Normalized G&A does not include the \$561,000 in G&A expense in the fourth quarter related to legal settlements stemming from the acquisition of Bear Ridge in 2007.

The Company has a strong balance sheet with consolidated positive net working capital of \$6.0 million at the end of the quarter, excluding the fair value of the Company's commodity hedge contract. This financial flexibility will allow the Company to execute its 2010 capital budget of \$45 million from estimated cash flow, working capital and existing bank lines.

The Company's financial statements and management's discussion and analysis for the periods ended December 31, 2009 are available on the SEDAR system by accessing Cequence's public filings under "Search for Public Company Documents" within the "Search Database" module at Sedar.com.

For additional information respecting Cequence's reserves, investors are referred to the Company's March 4, 2010 press release which contained certain selected reserves information of the Company.

Outlook and Guidance

Cequence's 2010 capital development budget has been set at \$45.0 million. Execution of the 2010 budget is expected to provide for average daily production of 3,250 boepd which represents an increase of 100 percent from 2009 average production. Approximately 30 percent of the budget is being allocated to Montney development, 55 percent to conventional oil and gas prospects in the Peace River Arch and 15 percent to land and seismic. Capital expenditures for the first quarter of 2010 are forecast to be \$21.0 million with debt at March 31, 2010 estimated at \$11.0 million.

Funds flow from operations for 2010 is forecast to increase to \$15.0 million based on a Cdn \$5.00 AECO gas price. Cequence continues to have a strong balance sheet with positive working capital of \$6.0 million entering 2010.

Cequence's management believes that the Company's strong balance sheet and drilling inventory for 2010 will continue to generate strong growth in production, funds flow and reserves.

Management provides the following guidance which was approved by the Board of Directors on March 17, 2010.

Guidance	2010
Average 2010 production, boepd	3,250
Average Q1 2010 production, boepd	2,500
Capital expenditures Q1 2010 (\$)	21,000
Capital expenditures 2010 (\$)	45,000
Wells drilled	12
Pricing	
Crude – WTI (Cdn\$/bbl)	\$85.00
Natural gas – AECO (Cdn\$/mcf)	\$4.78
Funds flow (\$)	15,000
Basic shares outstanding	39,530

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 its guidance and forecasts: business strategy and objectives; development, exploration, acquisition and disposition plans and the timing thereof; reserve quantities and the discounted present value of future net cash flows from such reserves; future production levels. 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: 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 manor; the ability of the Company 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 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.

Additional Advisories

The press release contains references to terms commonly used in the oil and gas industry. Netback is not defined by GAAP in Canada and is referred to as a non-GAAP measure. Netbacks equal total revenue less royalties, operating costs and transportation costs. Management utilizes this measure to analyze operating performance.

Funds flow from operations is a non-GAAP term that represents net income (loss) adjusted for non-cash items including depletion, depreciation, accretion, future income taxes, stock-based compensation, unrealized hedge gains (losses), asset write-downs and gains (losses) on sale of assets and non-controlling interest and before adjustments for changes in working capital. The Company evaluates its performance based on earnings and funds flow from operations. The Company considers funds flow from operations a key measure as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. The Company's calculation of funds flow from operations may not be comparable to that reported by other companies. Funds flow from operations per share is calculated using the same weighted average number of shares outstanding used in the calculation of income (loss) per share.

The foregoing outlook and guidance has been provided to assist readers in analyzing the Company's anticipated development strategies and prospects and it may not be appropriate for other purposes and actual results could differ from the guidance provided above.

The measurement of net asset value per share has been provided to assist the reader in determining the value of the Company's underlying assets on a per share basis. Investors should be aware that the market price of the Company's shares have been subject to wide fluctuations in price which have not necessarily been related to the value of its underlying assets, its operating performance or its future prospects. It is likely that the market price for the Company's shares will continue to be subject to market trends generally notwithstanding the financial and operational performance of the Company.

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.

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