

## CEQUENCE ENERGY ANNOUNCES FALHER DISCOVERY AT SIMONETTE/RESTHAVEN

Calgary, Alberta; September 10, 2012 – Cequence Energy Ltd. ("**Cequence**" or the "**Company**") (TSX: CQE) is pleased to announce the results from its first Falher horizontal well at Simonette/Resthaven. The Cequence operated 16-18-61-01W6 well (the "16-18 well") was drilled to a final measured depth of 4,550 meters, including approximately 1,589 meters of horizontal section in the Falher formation. A total of fifteen 55 tonne fracs were successfully placed using a frac port system and slick water. The well flowed on clean-up for 119 hours at a final rate of 14 MMcf/d with 12.7 MPa (1,850 psi) flowing pressure through a 15.9 millimeter choke. Natural gas liquid yield is expected to be approximately 20 bbls/MMcf. The exploration discovery was flow tested in-line to sales through the Cequence-owned Simonette gathering system. The 16-18 well was drilled as a farm-in commitment well and Cequence retains a 65 percent working interest.

Cequence management believes that this successful test validates a 20 section geological prospect previously defined by well control and confirmed by 3D seismic on Cequence lands. Based on publicly available data, the analog pool at Musreau/Kakwa (20 miles to the northwest) is currently estimated to be producing over 60 MMcf/d from 21 horizontal wells drilled on a typical spacing of 2 wells per section. Cequence believes that the Simonette/Resthaven pool is likely similar to the Musreau/Kakwa pool in terms of reservoir quality, thickness and pressure and may provide a model for expected results once more production history is available.

Well costs to drill and complete the 16-18 well were approximately \$6.6 million and are expected to decrease as the pool is developed in the future.

Cequence is pleased with the results of this exploratory success. The Falher potential adds to the already extensive Montney, Wilrich and Dunvegan resource opportunities identified on Cequence's 220 section Simonette land base.

### **Further Information**

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](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, including the number of potential viable locations and the expected quality of reservoirs; the thickness and pressures of the Simonette/Resthaven pool; future production rates and expected production volumes; the number and quality of future potential drilling locations; and the amount of natural gas liquids yields. 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 Cequence believes that the expectations reflected in its forward-looking information is reasonable, undue reliance should not be placed on forward-looking information because Cequence cannot give 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: cash flow projections and netbacks; anticipated operating costs; bank debt levels; reserves; field production rates and decline rates; the ability of Cequence to secure adequate product transportation; the timely receipt of any required regulatory approvals; the ability of Cequence 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 Cequence 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 Cequence 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 Cequence and described in the forward-looking information. The material risk factors affecting Cequence and its business are contained in Cequence's Annual Information Form which is available under Cequence'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 Cequence 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***

*A pressure transient analysis or well-test interpretation has not been carried out and thus certain of the test results provided herein should be considered to be preliminary until such analysis or interpretation has been completed. Readers are cautioned that the foregoing well test results are not necessarily indicative of long-term performance or of ultimate recovery.*

*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.*

*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.*

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

**For further information contact:**

Howard Crone, Executive Vice President & COO, (403) 806-4040, [hcrone@cequence-energy.com](mailto:hcrone@cequence-energy.com)

Stephen R. Stretch, Vice President, Geophysics, (403) 218-8851, [sstretch@cequence-energy.com](mailto:sstretch@cequence-energy.com)